

**For discussion
on 13 July 2018**

Legislative Council Panel on Education

**Progress of the Task Force on
Review of Self-financing Post-secondary Education**

Purpose

This paper briefs Members on the progress of the Task Force on Review of Self-financing Post-secondary Education (the Task Force).

Background

2. The Chief Executive announced in her 2017 Policy Address to set up a task force to consider issues pertinent to the development of the self-financing post-secondary education sector. The Task Force was subsequently established on 19 October 2017 to consider the overall role and function of the self-financing post-secondary education sector in serving the long term education and manpower needs of Hong Kong; and review major issues of concern pertinent to the ecology of the self-financing sector, including the role of the self-financing operation of subvented institutions vis-à-vis self-financing post-secondary institutions, and the future development of sub-degree programmes.

3. During the course of its deliberation, the Task Force has made reference to experience in some other economies and taken into account the views of various stakeholders. Written submissions were invited from all stakeholders to express their views on the key issues pertinent to the development of the sector. The Task Force also conducted various other activities including visits to self-financing post-secondary institutions, meetings with the heads of relevant organisations/institutions, and engaging external consultants to conduct focus group interviews with stakeholders.

4. With the benefit of input from stakeholders through these engagement activities, the Task Force has come up with some initial observations and prepared a consultation document (see **Annex**), which has been put up for public consultation on 25 June 2018.

Key Initial Observations

5. When deliberating on the further development of self-financing post-secondary education, the Task Force has followed the guiding principles of "providing student-oriented quality education", "meeting societal needs and developing Hong Kong's advantages", and "facilitating diversified development of post-secondary education".

6. The key initial observations of the Task Force are summarised as follows –

- (i) The Task Force considered that the self-financing post-secondary education sector should be **complementary to the publicly-funded sector**, and it should maintain its role in providing flexible options and adding diversity to the higher education sector as a whole.
- (ii) The Task Force considered that it is the Government's responsibility to **assist in improving the quality of self-financing post-secondary programmes and enhancing the overall academic capacity of privately-run institutions**. Besides, there is a need for the self-financing post-secondary sector to be reformed and modernised so that its development will evolve in tandem with the times.
- (iii) Self-financing post-secondary institutions should be encouraged to more sharply **identify their distinctive roles and positioning** in the post-secondary arena to respond to societal needs, and to demonstrate how to achieve long term sustainability in terms of academic quality, student intake and financial sustainability by way of **formulation and implementation of strategic plans**.

- (iv) The Government may need to formulate a **clear policy underpinned by a fair and transparent mechanism** (through either legislative or administrative arrangements) such that those operators whose development and institutional capabilities fall short of their original plan (partly based on which their programmes were accredited for offering to students) after a reasonably long trial period may be de-registered. Relevant accreditation processes and criteria should be reviewed in order to better complement such efforts aimed at quality and competency assurance.
- (v) **To review and update the Post Secondary Colleges Ordinance (Cap. 320)** to reflect the public expectation and Government policy on the regulation of self-financing degree-awarding institutions as well as those providing sub-degree programmes.
- (vi) **To apply the updated Cap. 320 to all institutions providing self-financing locally-accredited local programmes at sub-degree and/or undergraduate levels.** Doing so will not only forge a uniform and consistent regulatory and quality assurance framework for all self-financing post-secondary institutions, which could be better understood by the public, it will also open up new opportunities and facilitate some of those institutions with the relevant capabilities and experience to evolve into private universities under Cap. 320.
- (vii) Consideration should be given to making available **new support measures for the self-financing institutions to migrate to the new regulatory framework**, say, in the form of funds/loans, to help quality institutions sustain and grow.
- (viii) **The role and functions of the Committee on Self-financing Post-secondary Education may be strengthened** having regard to the need to provide further steer, facilitation and coordination of issues relating to the development of and financial support measures for the sector.

- (ix) **The prevailing binary system of sub-degree education should be maintained at large for overall educational purposes, the positioning of Associate Degree (AD) and Higher Diploma (HD) should be better differentiated and fit for purpose.** Given the generic curriculum of AD programmes, the AD qualification may be positioned as primarily supporting articulation to general degree programmes though still viable as a standalone qualification for initial employment in areas not requiring specialised skills; whereas HD qualification may be positioned as mainly supporting articulation to more specialised degree programmes related to vocational and professional education and training, as well as a standalone qualification to make graduates ready for employment at para-professional level in relevant industries and professions.
- (x) The Government should conduct a **more focused study at the next phase on refining the structure and curriculum of sub-degree programmes**, especially HD programmes, to allow for a more flexible study duration to cater for the nature and requirements for different programmes.
- (xi) **As regards the possible ways of enhancing support for sub-degree operators and students**, the Task Force would like to invite further views on the following suggestions received –
- (a) to maintain the current level of support for sub-degree students through existing measures applicable to sub-degree operators and students;
 - (b) to step up support for students on selected self-financing sub-degree programmes that nurture talent in support of specific industries with pressing demand for human resources. Consideration may be given to (i) expanding the scope of the current SSSDP to cover selected disciplines in sub-degree programmes as well; and/or (ii) providing one-off start-up grant/loan to self-financing institutions for developing worthwhile sub-degree programmes with high

market relevance and high upfront investment, especially in hardware; or

- (c) on top of (b) above, to also consider enhancing support for all other eligible students of self-financing sub-degree programmes through the provision of non-means-tested annual tuition fee subsidy.

Way Forward

7. Members of the public, including but not limited to stakeholders of the self-financing post-secondary education sector, are welcome to provide any views/opinions on the preliminary observations and proposals put forward in the Task Force's consultation document, and/or on any other issues pertinent to the future of self-financing post-secondary education. Apart from receiving written submissions, the Task Force will also conduct consultation sessions to exchange views with key stakeholders.

8. The consultation period will end on 31 August 2018. With the benefit of further views gathered during the consultation period, the Task Force will finalise its reform proposals and make specific recommendations to the Government by the end of 2018.

Advice Sought

9. Members are invited to note the progress of the Task Force and to offer views on its initial observations for the Task Force's consideration.

Education Bureau
July 2018

**Task Force on
Review of Self-financing
Post-secondary Education**

**Consultation Document
June 2018**

Background and Purpose

Since the Government's announcement in the 2000 Policy Address to increase the secondary school leavers' post-secondary education participation rate to 60% within ten years, there has been a rapid development of the self-financing post-secondary sector¹ (including the emergence of self-financing arms of publicly funded tertiary institutions and the establishment of new self-financing privately-run institutions). To achieve this policy target, the Government has been promoting a "parallel development" of the publicly-funded and self-financing post-secondary education sectors. In line with this policy, a number of financial and administrative measures have been introduced to support the self-financing sector, including allocating land sites and vacant school premises to self-financing institutions and setting up funding schemes to help their operation, etc.

2. Over the past decade or so, the self-financing sector has grown very significantly in size and diversity. We achieved the 60% post-secondary education participation rate within five years after 2001, and the rate hit 70% in the 2015/16 academic year, including 45% having access to degree-level education. There are now about 150 and 300 self-financing post-secondary programmes at undergraduate level and sub-degree level respectively, vis-à-vis around 40 and 230 such programmes respectively in 2005/06. These programmes are operated by 11 degree-awarding self-financing institutions registered under the Post Secondary Colleges Ordinance (Cap. 320) or statutory institutions, the eight publicly-funded universities via the University Grants Committee (UGC) and/or their self-financing arms or community colleges, and other post-secondary institutions registered under the Education Ordinance (Cap. 279) or other relevant legislation.

3. However, some limitations and drawbacks are also observed after nearly two decades of practice, notably issues relating to the

¹ Self-financing institutions refer to institutions that do not receive recurrent public subvention for their operation. In the context of this review, post-secondary institutions refer to non-profit-making institutions that provide full-time locally-accredited programmes at sub-degree (including higher diploma and associate degree) and/or undergraduate programmes.

long-term viability and sustainability of self-financing institutions and the sector as a whole as reflected in the low student enrollment in some of the institutions/programmes, as well as the quality of self-financing post-secondary programmes in respect of their design, delivery and recognition, leading to concerns over the development of the sector. Meanwhile, the general public, including many parents and students, remain of the view that the future of our higher education lies only in the publicly-funded institutions, i.e. UGC-funded universities. Besides, the post-secondary sector as a whole has reached a level of saturation now when we compare the supply of and demand for sub-degree and undergraduate programmes. The number of secondary school graduates will drop from 57 000 in 2016 to 43 000 in 2022. This poses a major challenge to the post-secondary sector, in particular the self-financing institutions whose sustainability unavoidably depends on student recruitment. We have come to a stage where critical steps need to be taken to improve the balance of our post-secondary education provision, so as to fully realise the Government’s “parallel development” policy.

4. Against the above background, there are calls from the community for a review of the whole self-financing post-secondary education sector, including its role and positioning in higher education, the need for associate degree programmes, and the regulatory framework, etc.

5. In response to these concerns, the Chief Executive announced in her 2017 Policy Address to set up a task force to consider issues pertinent to the development of the self-financing post-secondary education sector. In this connection, the Task Force on Review of Self-financing Post-secondary Education (the Task Force) was set up in October 2017. The composition and terms of reference of the Task Force are set out at [Annex A](#).

Principles and Approach

6. The Task Force considers that the Government’s investment in education is of paramount importance as it is intrinsic to the public interest and instrumental in the creation of social benefits, as well as in

developing the full potential of students. As Hong Kong is a developed economy and aspires to excel as a knowledge society, the Government has responsibility to support the nurture of talent and creation of new knowledge through investment in education to meet changing manpower demands and support social innovation. The Government also has a duty to ensure that public investment in education is commensurate with the social benefits it can bring about, both in the near and longer term.

7. Unlike any other commercial services/commodities in society, education has immense social impact, the planning and operation of which should not be left entirely to market forces, whether it is being provided by the public sector or the private sector. The Task Force believes that the Government has a regulatory role in both sectors to ensure quality and their healthy and sustainable development, while at the same time respecting market demand and institutional autonomy.

8. The Task Force takes the view that the self-financing post-secondary education sector is a vital part of the tertiary education ecosystem in Hong Kong, complementing the subvented higher education sector. Both sectors should strive to deliver the mission of providing quality higher education for students and serving community needs. It adopts a holistic approach to the present review with the aim to give due consideration to the need for balanced and sustainable development among the different sectors within our education ecosystem, while identifying viable goals and strategies to boost the further advancement of self-financing post-secondary education in an increasingly diverse and, to some extent, competitive landscape. In its deliberations, the Task Force has also accorded great importance to the aspirations and interests of students, staff and operators of the sector.

9. Over the past several months, the Task Force has looked into the following issues –

- (i) Developments in the self-financing post-secondary education sector;
- (ii) Role of the self-financing post-secondary education sector;
- (iii) Regulatory regime and support for the self-financing post-secondary education sector; and

(iv) Future of sub-degree education.

10. During the course of its deliberation, the Task Force has made reference to experience in some other economies and taken into account the views of various stakeholders. Written submissions were invited from all stakeholders to express their views on the key issues pertinent to the development of the sector. More than 50 submissions were received by the end of February 2018. Furthermore, the Task Force conducted various other activities including visits to self-financing post-secondary institutions, meetings with the heads of relevant organisations/institutions, and engaging external consultants to conduct focus group interviews with stakeholders.

11. The feedback received through these engagement activities has provided very useful input to the review and enabled the Task Force to ponder the issues under review in a comprehensive manner. The Task Force has now come up with some initial observations, and would like to consult members of the public through this consultation document.

Invitation of Submissions

12. Members of the public, including but not limited to stakeholders of the self-financing post-secondary education sector, are welcome to provide any views/opinions on the preliminary observations and proposals put forward in this consultation document, and/or on any other issues pertinent to the future of self-financing post-secondary education. Written submissions should be sent to the Education Bureau **on or before 31 August 2018 (Friday)** by post, e-mail or fax:

Mailing Address: Further Education Division
Education Bureau
7/F, East Wing, Central Government Offices
Tamar, Hong Kong

E-mail address: taskforce_sfpe@edb.gov.hk

Fax number: (852) 3579 5097

Way forward

13. With the benefit of further views gathered during the consultation period, the Task Force will finalise its reform proposals and make specific recommendations to the Government by the end of 2018.

Abbreviations and Glossary

AD	Associate Degree
Cap. 279	Education Ordinance
Cap. 320	Post Secondary Colleges Ordinance
Cap. 493	Non-local Higher and Professional Education (Regulation) Ordinance
CityU	City University of Hong Kong
CSPE	Committee on Self-financing Post-secondary Education
E-APP	Electronic Advance Application System for Post-secondary Education Programmes
EDB	Education Bureau
FASP	Financial Assistance Scheme for Post-secondary Students
FYFD	First-year-first-degree
HD	Higher Diploma
HKAPA	Hong Kong Academy for Performing Arts
HKAS	Hong Kong Art School
HKCAAVQ	Hong Kong Council for Accreditation of Academic and Vocational Qualifications
HKDSE	Hong Kong Diploma of Secondary Education Examination
HKSYU	Hong Kong Shue Yan University
JUPAS	Joint University Programmes Admissions System
MGS	Matching Grant Scheme
NMTSS	Non-means-Tested Subsidy Scheme for Self-financing Undergraduate Studies
OUHK	The Open University of Hong Kong
PAA	Programme Area Accreditation
PolyU	The Hong Kong Polytechnic University
QA	Quality Assurance
QESS	Quality Enhancement Support Scheme
QF	Qualifications Framework
SCAD	SCAD Foundation (Hong Kong) Limited / Savannah College of Art and Design, Inc
SPEF	Self-financing Post-secondary Education Fund
SPSS	Self-financing Post-secondary Education

	Scholarship Scheme
SSSDP	Study Subsidy Scheme for Designated Professions/Sectors
Sub-degree	Associate Degree and Higher Diploma
the	The Government of the Hong Kong Special
Government	Administrative Region
the Review	Review of Self-financing Post-secondary Education
the Task Force	Task Force on Review of Self-financing Post-secondary Education
UGC	University Grants Committee
VPET	Vocational and Professional Education and Training
VTC	Vocational Training Council

Chapter 1: Current Landscape of the Self-financing Post-secondary Education in Hong Kong

Development in the Post-secondary Education System

1.1 To meet the needs of Hong Kong as it evolved into a knowledge-based economy, and to catch up with the level in other advanced economies, the Government announced in the 2000 Policy Address to double the secondary school leavers' post-secondary education participation rate to 60% within ten years. Both publicly-funded institutions and the private sector responded to the policy directive with concrete actions, through the provision of self-financing post-secondary programmes and establishment of private institutions. The rapid expansion of the self-financing post-secondary education sector was also facilitated by the Government's support measures, mainly in the form of provision of land and funds/loans. The total number of full-time student intake for undergraduate programmes increased from around 15 000 in 2001/02 to around 24 000 in 2016/17; and from around 13 000 to 32 000 for sub-degree programmes during the same period. The proliferation of sub-degree and undergraduate education opportunities has mainly taken place in the self-financing sector.

1.2 In 2000, degree-level education was predominantly the franchise of eight institutions funded by the University Grants Committee (UGC). Altogether they provided 14 500 subsidised full-time undergraduate programme places². The number of degree-awarding institutions reached 20 in 2015, including 11 self-financing local degree-awarding institutions³ which do not receive recurrent public subvention. Out of all 24 000 full-time first-year-first-degree (FYFD) programme places in

² The Hong Kong Academy for Performing Arts (HKAPA) is another degree-awarding institution in receipt of recurrent public subvention from the Home Affairs Bureau. The Academy provided about 100 subsidised full-time undergraduate programme places in 2000, on top of the supply by the UGC-funded sector.

³ Including 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, Technological and Higher Education Institute of Hong Kong under the Vocational Training Council, The Open University of Hong Kong, and Tung Wah College.

the 2017/18 academic year, about one-third of them are self-financing.

1.3 Post-secondary education constitutes not only undergraduate-level education and above. A vibrant sub-degree sector (i.e. higher diploma (HD) and associate degree (AD) programmes) is another salient feature of our current tertiary education system. Prior to 2000, sub-degree education was primarily in the form of HD programmes. In response to the call for increasing post-secondary education opportunities by the 2000 Policy Address, a new qualification of AD was introduced to Hong Kong in 2000. Since then, sub-degree education has experienced significant growth in both the number of providers and students. Specially, in 2000 only a few UGC-funded institutions and the Vocational Training Council (VTC) were offering less than 10 000 sub-degree programme places, mostly subvented; in 2017 there were about 20 such providers with nearly 35 000 intake places (22 100 HD intake places and 12 000 AD places in 2016/17), among them almost two-thirds are self-financing.

1.4 As the number of sub-degree graduates continued to increase and many of them aspired for degree qualifications, both the UGC-funded sector and self-financing sector started to meet such demand through the provision of top-up degree programmes⁴. The number of new intakes to top-up degrees rose from 4 100 in 2008/09 to 12 600 in 2016/17. Statistics show that in recent years around 80% of AD students and around 40% of HD students pursued a degree upon graduation.

1.5 Given the above development, we achieved the 60% post-secondary education participation rate⁵ within only five years after 2001, and the rate hit 70% in the 2015/16 academic year, including 45% for degree-level education. The self-financing post-secondary education sector has grown in both size and diversity. There are now about 150 and 300 self-financing post-secondary programmes at the degree level

⁴ Generally known as “senior-year entry” in the UGC-funded sector, usually Year 3 entry to a four-year undergraduate programme.

⁵ Calculation is based on the participation in sub-degree and undergraduate (including top-up degree) education by those aged between 18 and 20 or 22 (for the calculation of top-up degree students).

and sub-degree level respectively, vis-à-vis around 40 and 230 such programmes in 2005/06 respectively. **Annex B** provides a list of current providers of post-secondary programmes.

Issues of Concern

1.6 As explained above, the self-financing post-secondary education sector in Hong Kong has experienced tremendous growth since 2000. This could be attributed to three main factors, namely a solid local demand for more post-secondary education opportunities, Government's support measures, and enthusiastic response from existing players and newcomers in the sector. However, the sector will likely see a big challenge given the expected change in student demography in the coming years. After nearly two decades of continuous growth, both the sector and the public have now called for a critical review in order to ensure a healthy and sustainable development of the sector in the coming era. Some key issues that the Task Force has examined are set out in the ensuing paragraphs.

First issue: Role of the self-financing post-secondary education sector

1.7 The rapid development of the self-financing post-secondary sector (including the emergence of the self-financing arms of UGC-funded institutions and the establishment of new self-financing institutions) over the past decade or so was largely prompted by Government's policy of increasing opportunities for secondary school leavers to continue with post-secondary education. It is also the cornerstone of the Government's policy to support the "parallel development" of the publicly-funded and self-financing sectors.

1.8 On the one hand, despite its booming development and the great efforts put into it by the sector – operators and staff alike - the "quality issue" as perceived by the general public, including many parents and students, remains to cast uncertainty over the long-term prospect of the self-financing sector within the higher education landscape. Some of the privately-run institutions are struggling to gain public recognition vis-à-vis UGC-funded and resource-rich universities, and to secure

sufficient student intakes to make their accredited undergraduate and sub-degree programmes financially viable. In this respect, they also face competition from self-financing programmes offered by those universities or their self-financing arms. On the other hand, the post-secondary sector as a whole has more or less reached a level of saturation now as we compare the supply of and demand for sub-degree and undergraduate programmes (see **Annex C**). The “over-supply” of self-financing post-secondary education places in some general disciplines has rendered the situation of those relatively new institutions even more difficult unless there is a change in the demand landscape such as opening up the self-financing sector more to non-local students from the Mainland. At the same time, self-financing institutions must be more strategic in their academic positioning and programme planning in order to demonstrate niche areas of specialisation.

1.9 In view of the above development, the Task Force has deliberated **whether the Government needs to enhance the current policy of supporting the parallel development of subvented and self-financing post-secondary sectors; and whether the role of subvented institutions and self-financing institutions should be more clearly differentiated** in terms of the provision of self-financing programmes.

Second issue: Is the current landscape of the self-financing sector conducive to its long term development and the post-secondary education system as a whole?

1.10 The self-financing post-secondary institutions are diverse in terms of their form of existence and mode of operation (see Chapter 3). There is vigorous competition among these institutions, and generally speaking, they could be broadly divided into two groups – (a) those operated as a subsidiary or separate unit of a subvented higher education institution; and (b) those truly self-financing institutions operated on their own.

1.11 The self-financing arms of the subvented institutions, i.e. UGC-funded universities, are perceived by some to have certain advantages over their counterparts in the self-financing sector, such as

branding, leveraging on existing expertise and resources. There is also the view that subvented institutions should focus more on their original role and mission of providing subvented higher education and conducting research.

1.12 While some may argue that we should leave it to the market to pick the winner, one has to recognise that the organic expansion of the self-financing operations of subvented institutions may well hinder the development of self-financing private operators with good potentials in the specific circumstances of Hong Kong, making it even more difficult to maintain a balanced development of the publicly-funded sector and the self-financing sector (and also diluting the original and core mission of the publicly-funded sector). To say this is not to deny for a moment the significant contribution made by such operations in meeting student demand for self-financing post-secondary education. Moreover, differentiation rather than overlapping and excessive market competition among different self-financing institutions would be more beneficial to the well-being of the post-secondary system as a whole. For instance, it will not help in fostering programme diversity and innovation should self-financing institutions mostly opt to operate programmes with lower start-up costs, such as those in business administration and arts, despite the abundance of similar programmes in the market. That said, the Task Force is pleased to note that in recent years some self-financing institutions have better identified market needs and started to provide specialised programmes within their niche areas to meet the community's human resources demand which could not be fully met or is being overlooked by subvented programmes.

1.13 The Task Force has therefore considered **whether the Government should continue to leave the development of self-financing sector entirely to market force, or the Government should take up a more proactive regulatory/facilitative role to enable a balanced and sustainable development of the sector.** Similarly, there is also a need to address the question of **whether and how we should create a more level playing field for different operators in offering self-financing post-secondary programmes.** Furthermore, the Task Force notes that **given the positioning of Hong Kong as a regional higher education hub, the importance of which will only**

increase within the Guangdong-Hong Kong-Macau Greater Bay Area context⁶, there may be room to facilitate the self-financing sector to also play an active role in this respect by reviewing the current policy on self-financing operators in terms of admission of non-local students.

Third issue: If the self-financing sector continues to exist, should the Government play a more proactive role in regulating its development, in terms of quality assurance (QA), financial control and governance?

1.14 As self-financing post-secondary institutions do not receive recurrent public subvention, the Government's involvement in their development strategy/plan has so far been limited. Questions have been raised as to **whether and how the Government can facilitate self-financing institutions to identify and promote their unique positions that are conducive to their healthy and sustainable development**, e.g. whether there should be any differentiation and concentration in the provision of programmes in certain fields, taking into account their expertise, the interests and aspirations of students and social needs.

1.15 The Government promulgated the *Roadmap for Becoming a Private University* in July 2015, which defines certain criteria necessary for the Government to consider granting university title to an aspiring institution (see Chapter 3). The Task Force has also explored **whether there is a need to encourage more self-financing institutions with good potential to become private universities** and if so, whether further strategic guidance accompanied by more support measures are required to facilitate them.

⁶ Self-financing post-secondary institutions that are allowed to recruit students from the Mainland are currently subject to a 10% quota in admitting Mainland, Macao and Taiwan students. In anticipation of a continuous drop in the number of secondary school graduates in Hong Kong until 2022/23, the Task Force notes that some self-financing post-secondary institutions may seek to expand its student base to beyond Hong Kong. Given the proximity of cities in the Great Bay Area with Hong Kong, relaxation of the 10% quota could be explored to facilitate the recruitment of non-local students from the Greater Bay Area.

1.16 When taking more proactive actions to assist self-financing post-secondary institutions, it should be equally important to enhance their quality and governance. Doing so will be conducive to promoting public recognition and market relevance of their self-financing programmes. The Task Force has reviewed the current regulatory regimes applicable to different self-financing post-secondary institutions, and the support measures made available to the institutions (see Chapter 4), and explored whether any improvement can be made to their QA, financial control and governance.

Fourth issue: the way forward of sub-degree programmes

1.17 The UGC-funded universities' self-financing activities are commonly in the form of community colleges, which were established to mainly deliver sub-degree education. The Government has been promoting sub-degree as a standalone and valuable qualification suitable for articulation and employment. Sub-degree education has enlivened the post-secondary education sector and contributed to the development of multiple pathways for secondary school leavers.

1.18 Notwithstanding the positive contribution of sub-degree education, the Task Force stays alert to some evolving perceptions about the value of sub-degree education within the overall landscape of higher education. Hence the way forward of sub-degree programmes is another issue of concern under the review.

Chapter 2: Development of the Self-financing Post-secondary Education in Some Other Economies

2.1 The Education Bureau has invited the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ) to look into the development and latest position of post-secondary education in nine other economies (including Australia, Germany, Japan, Mainland China, Singapore, South Korea, Taiwan, the United Kingdom, and the United States), with a view to enabling the Task Force to have a better understanding of the trends in public and private sector development in higher education. The ensuing paragraphs provide a summary of the preliminary findings of the study.

Key Observations

2.2 According to the research, historical contexts and government policies are the main factors that have impacted on the development of the self-financing sector in the economies under study. Generally speaking, apart from the United States where private institutions include the Ivy League universities/colleges which are traditionally perceived as more prestigious, the self-financing sector exists to meet the unmet demand for higher education that cannot be catered for in the public sector. In this regard, most governments cautiously support the development of their self-financing sector by means of funding and/or regulation. **Although the nature of private provision varies significantly across the studied economies, there are some common features.** For instance, –

- (a) The emergence of private provision is closely related to massification of higher education.
- (b) Private providers are mainly teaching-oriented, focusing on programmes that do not require heavy investment in equipment or facilities. Very often, programmes offered by private providers are in their niche areas or perceived as more “fashionable”.
- (c) Some form of public funding (e.g. student loans) is usually available to support students pursuing private higher education.
- (d) Most private providers rely heavily on tuition fee as a major

source of income, and are therefore more susceptible to the negative impact of economic downturn.

- (e) With the United States as an exception, private providers in other economies under study are often perceived as of lower quality, with lower admission requirements.
- (f) There is a notable trend that private providers are gradually becoming more significant in terms of contribution to the overall provision of higher education.
- (g) A range of sub-degree qualifications are offered by the self-financing sector, including AD, HD, etc.

2.3 According to the preliminary findings of the research, there is a spectrum of regulatory arrangements adopted by the jurisdictions studied for the self-financing institutions and/or their programmes. Such arrangements include government approval, registration, voluntary or mandatory accreditation, annual reporting and/or review. Typically, where there is some form of government funding received by the institutions or for student support, the regulatory requirements tend to be more stringent.

2.4 Information collected suggests that, **unlike Hong Kong, there is no model that exists in the studied economies where a public university, on its own or through its extension arm, provides self-financing programmes at sub-degree or undergraduate level.** The closest example to Hong Kong would be the colleges set up by some public universities in Australia to offer foundation courses; however, those colleges are separately incorporated and regulated apart from their parent institutions. In the Mainland, independent colleges are strongly affiliated with public universities though they are supposed to be independent. In recent years, the number of such independent colleges has been steadily decreasing, probably due to new measures introduced to require them to comply with certain requirements to become truly independent colleges.

2.5 The roles played by AD and HD, if any, in the studied economies can be very different even though the qualification titles are the same. Either an AD or HD qualification can support articulation to further

education or immediate employment. Some AD programmes, particularly in the United States, are strongly vocationally-oriented. Yet, save for the case of Australia⁷, it is not common in other studied economies where two such sub-degree qualifications co-exist to serve the dual purposes of articulation and employment.

⁷ In Australia, both advanced diploma and associate degree qualifications co-exist as sub-degree level education for both purposes of employment and articulation.

Chapter 3: Role of the Self-financing Post-secondary Sector

3.1 As mentioned in Chapter 1, it has been the Government's policy to adopt a two-pronged strategy and support parallel development of the publicly-funded and self-financing post-secondary education sectors in broadening and diversifying study opportunities for our students.

3.2 Our post-secondary participation rate rose to 72% in 2016/17, including 38% enrolling in publicly-funded post-secondary programmes (21% in undergraduate and 17% in sub-degree) and the rest in self-financing programmes. In the same academic year, self-financing places constituted about 40%, 72% and 68% of all FYFD, top-up degree and sub-degree intake quotas respectively. It is therefore evident that the contribution of our self-financing sector has become indispensable in providing post-secondary education opportunities for students.

3.3 The self-financing sector is quite diverse in terms of the scale of institutions as well as their form of existence and mode of operation. The following table analyses the intake capacity of all 28 self-financing post-secondary institutions.

	Number of institutions providing self-financing post-secondary programmes		
Intake capacity of sub-degree and/or undergraduate programmes	2014/15	2015/16	2016/17
Below 100	4	3	2
100 - 499	6	7	10
500 - 999	4	6	4
1000 - 1999	6	6	5
2000 - 3999	6	5	7
4000 and above	1	1	0
Total	27	28	28

UGC Sector and the Other Subvented Institutions

3.4 It is worth noting that providers offering more than 2 000 intake places per year are mostly the self-financing arms of publicly-funded institutions. Within the UGC sector, the universities have different

strategies and positioning in their provision of self-financing programmes. The Task Force notes that most UGC-funded universities have been involved in providing self-financing sub-degree, especially AD programmes, for historical reasons. Among them, the City University of Hong Kong (CityU) and the Polytechnic University of Hong Kong (PolyU) have an enrolment of over 6 000 and over 7 000 sub-degree students respectively. They also operate a number of self-financing local or non-local top-up degree programmes, providing ample opportunities for their sub-degree graduates to articulate.

Self-financing sector

3.5 The self-financing institutions also differ in terms of scale and student population as well as in the scope and development of academic programmes, as explained below –

- (i) **The Open University of Hong Kong (OUHK)** was established as the Opening Learning Institute of Hong Kong by the Government in 1989 by statute to be a main provider of distance learning degree programmes for working adults. It earned the university title in 1997 and enjoys self-accrediting status. In 2001, OUHK introduced its first full-time programmes at AD level. In 2007, it started to admit full-time undergraduate students. Together with its Li Ka Shing Institute of Professional and Continuing Education, which is dedicated to HD education and a few non-local top-up degree courses, OUHK now accommodates over 10 000 full-time students in a wide array of programmes at HD and undergraduate (including top-up) level, offered under six schools/divisions.
- (ii) There are at present nine **privately-run institutions registered under the Post Secondary Colleges Ordinance (Cap. 320)** which are primarily devoted to degree education. Altogether they house about 14 000 sub-degree and undergraduate students. The nine institutions differ greatly in their level of development and could be generally demarcated into four groups –

– ***Private university***

Hong Kong Shue Yan University (HKSYU) is currently the only institution registered under Cap. 320 that has acquired university title. It was founded in 1972 as Hong Kong Shue Yan College

to provide mainly diploma programmes. In December 2006, the College was granted university title. In the 2017/18 academic year, HKSYU operates 18 self-financing locally-accredited degree programmes, including 12 bachelor's degree, five master's degree and one doctoral programmes, with about 4 500 students in total.

– *Institutions having indicated intention to apply for university title*

- (a) Hang Seng Management College has been registered under Cap. 320 since 2010 and currently operates 17 degree programmes, including one master's degree programme, with about 4 900 students in total; and
- (b) Chu Hai College of Higher Education has been registered under Cap. 320 since 2004 and now offers 17 degree programmes, including three master's degree programmes, with about 900 students in total.

– *Institutions with over 1 000 students*

- (a) Caritas Institute of Higher Education, formerly Caritas Francis Hsu College, has been registered under Cap. 320 since 2001 and currently operates one HD and five undergraduate programmes, with about 1 500 students in total; and
- (b) Tung Wah College has been registered under Cap. 320 since 2011 and currently operates five sub-degree and 10 undergraduate programmes, with about 2 500 students in total.

– *Institutions with less than 1 000 students*

The other four Cap. 320 institutions are Centennial College, Gratia Christian College, HKCT Institute of Higher Education, and Hong Kong Nang Yan College of Higher Education. All of them have been registered under Cap. 320 in or after 2012. Each of them operates no more than five degree programmes. While Centennial College has about 200 students, the other three each enrolls less than 100 students.

- (iii) There are seven **privately-run institutions registered under**

the Education Ordinance (Cap. 279)⁸ that provide self-financing sub-degree and/or non-local degree programmes with about 4 000 students altogether. The largest institution in this group is HKU SPACE Po Leung Kuk Stanley Ho Community College, which enrolls over 2 000 students. The Hong Kong Institute of Technology is the only institution in this category that offers non-local degree programmes (apart from its sub-degree programmes) with about 700 students in total.

- (iv) There are **two other private providers of sub-degree and non-local undergraduate programmes**, which are not registered under the above ordinances, namely Hong Kong Art School (HKAS)⁹ and SCAD Foundation (Hong Kong) Limited / Savannah College of Art and Design, Inc¹⁰. HKAS operates one HD programme and one non-local undergraduate programme in fine art, with about 150 students. SCAD operates a number of undergraduate programmes in art and design, with about 500 students.

Roadmap for Becoming a Private University

3.6 To steer the development of the self-financing degree-awarding institutions, the Government promulgated the *Roadmap for Becoming a Private University* in July 2015, which sets the following criteria which an aspiring institution has to meet before the Government would consider granting university title to it –

- (a) have obtained Programme Area Accreditation (PAA) status in at least three areas;
- (b) have demonstrated a certain level of research capability by

⁸ Including Caritas Bianchi College of Careers, Caritas Institute of Community Education, Hong Kong College of Technology, Hong Kong Institute of Technology, HKU SPACE Po Leung Kuk Stanley Ho Community College, Yew Chung Community College, and YMCA College of Careers.

⁹ HKAS is a division of the Hong Kong Arts Centre, established under the Hong Kong Arts Centre Ordinance (Cap. 304)

¹⁰ SCAD itself is registered under the Companies Ordinance (Cap. 622) and all its programmes are registered under the Non-local Higher and Professional Education (Regulation) Ordinance (Cap. 493).

having successful applications under publicly-funded research-related schemes;

- (c) have a minimum student enrolment of 1 500 (full-time equivalent) at degree level for the past two consecutive academic years immediately preceding an application for university title; and
- (d) have obtained the Institutional Review status from the HKCAAVQ to demonstrate its fundamental ability to meet the standards expected of a university in terms of governance and management, financial sustainability, academic environment, QA and research capability.

3.7 The Task Force supports such a roadmap approach and it also considers that private universities should not be rigidly compared with UGC-funded universities especially in terms of research outputs given the financial resources and endowments available to the latter under their different mode of funding and operation. Private universities nonetheless should aim to do well in students-based teaching and learning activities.

Summary of Stakeholders' Views

3.8 According to the written submissions from stakeholders collected in the period of November 2017 to February 2018 –

- (a) self-financing post-secondary institutions generally recognise the contribution of self-financing post-secondary education to the diversification of higher education in Hong Kong by providing more articulation opportunities and pathways for young people (especially those who could not pursue subvented post-secondary education) in a flexible and responsive manner, thereby nurturing the necessary talent in support of our community's economic and social development;
- (b) some institutions remark that self-financing programmes have been developed and delivered at a more cost-effective way than subvented programmes, as no recurrent cost is borne by

taxpayers;

- (c) some stakeholders from the secondary school sector ask for better support for self-financing post-secondary institutions/programmes by channeling more funding thereto; but some ask for more subvented rather than self-financing post-secondary education opportunities; and
- (d) some professional and business bodies see the role of self-financing programmes in supplementing subvented education, whereas some consider it necessary to better adjust the number of self-financing institutions/programmes according to market demand.

Task Force's observations

3.9 The Task Force recognises that **secondary school leavers in Hong Kong have solid demand for post-secondary education opportunities and such demand cannot be met solely by the public-funded sector.** Even when the number of local secondary school leavers will hit its trough in 2022 (see **Annex C**), this group of students' demand for sub-degree and undergraduate studies could not be met entirely by subvented programmes. Assuming no significant change in the publicly-funded education opportunities, self-financing post-secondary institutions will always have a role to play in providing education opportunities to fulfil local students' demand. Furthermore, while the publicly-funded sector aims to provide a comprehensive array of education programmes, in some cases it will be bound by constraints arising from the mode of operation of publicly-funded universities. **The self-financing sector plays a complementary role in providing flexible options and adding diversity to the higher education system as a whole.**

3.10 The Task Force considers that there are merits in a parallel system in Hong Kong where the self-financing sector should strive for further development in a direction that sets itself complementary, not supplementary, to the publicly-funded sector, thereby achieving a more comparable development of the two sectors for the advancement of higher education. The advocacy for diversity in higher education and

complementary development of both public and private institutions is also in line with similar development in other comparable advanced economies (see Chapter 2). Hong Kong's higher education system should enable those eligible students pursuing publicly-funded or self-financing post-secondary education programmes to receive quality education as well as academic or vocational and professional education and training (VPET) qualifications well recognised by educational institutions and employers.

3.11 The Task Force has the following observations about the future role of the self-financing sector -

- (a) At the sectoral level, **the self-financing post-secondary sector needs to be “reformed and modernised”** with a clear mission strongly conveyed to the public – that **the sector operates alongside with the UGC sector to provide more options and adding diversity to the higher education system as a whole.**
- (b) In particular, the Task Force is pleased to learn that some self-financing institutions (including the self-financing arms of the UGC-funded universities) have established track records and grown to a significant scale in terms of student number, range of programmes and campus facilities, etc. These large self-financing institutions indeed have good potential to develop into private universities. Formulation of a more elaborate roadmap for the self-financing sector to demonstrate delineation amongst self-financing institutions by their level of development, scale and areas of specialisation will be conducive to the sustainable growth of the self-financing sector as a whole. For example, some of them may aspire to becoming private universities with a wider range of academic discipline areas, and some may position themselves as boutique institutions with specialisation in selective programme areas. With proper efforts by these institutions, and appropriate strategic steer by the Government, they can in due course be nurtured to become new “beacons of light” alongside UGC-funded universities.

- (c) At the institutional level, self-financing post-secondary institutions should be encouraged to more sharply identify their distinctive roles and positioning in the post-secondary arena to respond to societal needs, and demonstrate how to achieve long term sustainability in terms of academic quality, student intake and financial sustainability by way of formulation and implementation of strategic plans.

3.12 The Task Force considers that a clear delineation of roles and positioning of self-financing institutions, coupled with suitable support measures, will have positive impact on the sector's sustainable development by enhancing certainty in student admission, encouraging staff development and retention, as well as fostering a quality and diversified higher education environment.

3.13 To facilitate the evolution of some privately-run institutions into private universities or colleges with unique strengths in some areas and disciplines, suitable support measures, such as dedicated start-up loans and/or one-off grants may be considered by the Government to improve the hardware of eligible institutions in tandem with their development.

Chapter 4: Regulation and Support for the Self-financing Post-secondary Sector

4.1 Post-secondary institutions in Hong Kong enjoy a high degree of institutional autonomy and academic freedom under their respective regulatory regimes. Although self-financing post-secondary institutions do not receive recurrent public subvention, the community generally expects all institutions in higher education to provide quality programmes to nurture our younger generation, hence the Government's current policy oversight of the institutions focuses on enhancing their transparency, QA and good governance. Where public funds are involved as in the support measures, mechanism is devised under the principle of reasonableness and proportionality to ensure that resources are put to intended use in a prudent manner.

4.2 It is the Government's policy to support the "parallel development" of the publicly-funded and self-financing post-secondary education sectors. The self-financing sector helps to diversify our higher education system and provides more education opportunities for our secondary school graduates. To promote a healthy and sustainable development of the self-financing post-secondary sector, the Government has implemented, over the years, a host of measures to provide direct support to institutions, as well as subsidies for student pursuing self-financing studies. The key prevailing measures are –

For institutions

- (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 eight vacant premises have been granted to eligible institutions.
- (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 for 18 institutions as at September 2017. Moreover, the ambit of the Scheme has been extended to support the development of student hostels since 2012 for the self-financing post-secondary education sector.

- (c) **Self-financing Post-secondary Education Fund (SPEF)** – The Fund has received a total Government injection of \$3.52 billion so far 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 (QESS) to enhance the quality of self-financing post-secondary education. To date, over 21 000 students have been granted awards/scholarships under SPSS and a total of 52 projects have been approved under QESS. The Fund has provided nearly \$600 million to benefit the sector since 2011.

- (d) **Qualifications Framework (QF) Fund** – The designated support scheme for QF, which is supported by the QF Fund, encourages and assists education providers in seeking accreditation of their programmes and registering the qualifications and programmes in the Qualifications Register. All self-financing post-secondary education providers can benefit from the Scheme. To support the sustainable development and implementation of QF, the Chief Executive, in her 2017 Policy Address, announced to inject \$1.2 billion into the QF Fund which now also supports various schemes/initiatives for QF development, QF-related studies/projects and public education.

- (e) **Matching Grant Scheme (MGS)** – Since 2003, the Government has launched seven rounds of MGS to help higher education institutions diversify their funding sources. Self-financing degree-awarding institutions started to join MGS in the fourth round. The latest (seventh) MGS was launched in August 2017,

with an earmarked amount of \$500 million for application by qualified local self-financing degree-awarding institutions.

- (f) **Research Endowment Fund** - The Government injected \$3 billion to this UGC-administered 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. Four rounds of allocation exercises have been completed so far with a total committed grant of about \$323 million.

For students

- (g) **Study Subsidy Scheme for Designated Professions/Sectors (SSSDP)** – Starting from the 2015/16 academic year, SSSDP subsidised about 1 000 students per cohort to pursue designated full-time locally-accredited self-financing undergraduate programmes in selected disciplines to nurture talent for industries with keen manpower demand. Each student can get up to \$70,000 (for laboratory-based programmes) or \$40,000 (for other programmes) each year as tuition fee subsidy. After three cohorts of pilot run, the Scheme will be regularised in the 2018/19 academic year with an increase in subsidised quota to about 3 000 places per cohort. Eligible continuing students of selected programmes will also receive the subsidy under the recurrent Scheme.
- (h) **Non-means-Tested Subsidy Scheme for Self-financing Undergraduate Studies (NMTSS)** – Starting from the 2017/18 academic year, a non-means-tested annual subsidy of \$30,000 is provided to eligible students pursuing full-time locally-accredited local and non-local self-financing undergraduate (including top-up degree) programmes in Hong Kong offered by eligible institutions (save for those already benefitted under the SSSDP);

- (i) **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 sector. The Financial Assistance Scheme for Post-secondary Students (FASP) was first introduced in 2001. The Scheme was then improved in 2008 so that full-time students pursuing locally-accredited, self-financing post-secondary education programmes have access to financial assistance in the forms of means-tested grant and low-interest loans, at a level comparable to their counterparts in the publicly-funded programmes. In the 2016/17 academic year, the grants and loans provided to self-financing post-secondary students under FASP amounted to \$1 billion and \$200 million respectively, benefitting about 30% of the students.

4.3 In tandem with the rapid development of the self-financing post-secondary sector since 2000, there has been a growing demand by students and the public at large for access to more information of the sector. The Education Bureau (EDB) and the Committee on Self-financing Post-secondary Education (CSPE) help enhance the transparency and governance of the self-financing sector through various arrangements as set out below –

- (a) **Information portals** – The Information Portal for Accredited Post-secondary Programmes (www.ipass.gov.hk) was launched in 2007 to provide comprehensive information on all full-time locally-accredited self-financing sub-degree and undergraduate (including top-up degree) programmes. The Electronic Advance Application System for Post-secondary Education Programmes (E-APP) (www.eapp.gov.hk) is a one-stop online application system to facilitate the Hong Kong Diploma of Secondary Education (HKDSE) Examination candidates to make advance application 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. The

Concourse website (www.cspe.edu.hk) was launched in December 2013 by the CSPE to provide comprehensive information and statistics of the sector to help enhance its transparency and accountability.

- (b) **Code of Good Practices on Governance and Quality Assurance for Self-financing Post-secondary Education Sector** – The 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. A study of the sector-wide implementation of the Code was undertaken by the HKCAAVQ and completed in October 2017, which showed a high level of compliance across the sector after one year of implementation.
- (c) **Admission and refund arrangements** – To enhance the support for current HKDSE candidates and to enable institutions to process applications and admissions in an orderly and efficient manner, institutions have adopted common application and admission arrangements since 2012 for locally-accredited post-secondary programmes that are not covered by JUPAS, in respect of payment of enrolment deposits and tuition fees, under the coordination of the EDB.

Regulatory framework for the self-financing post-secondary education institutions

4.4 Self-financing post-secondary institutions enjoy a high degree of autonomy and academic freedom, and they can be categorised based on their respective statutory regimes as follows –

- (a) approved post-secondary colleges¹¹ registered under the Post Secondary Colleges Ordinance (Cap. 320), and institutions

¹¹ 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

established by statute that are operating on a self-financing basis¹²;

- (b) institutions registered under the Education Ordinance (Cap. 279) and providing self-financing locally-accredited post-secondary programmes¹³;
- (c) institutions providing self-financing locally-accredited non-local programmes¹⁴ are subject to the Non-local Higher and Professional Education (Regulation) Ordinance (Cap. 493) in respect of their non-local programmes; and
- (d) publicly-funded institutions¹⁵ that offer self-financing post-secondary programmes through their self-financing continuing and professional education arms or subsidiary institutions under their aegis that are governed by their respective ordinances.

4.5 The eight UGC-funded universities and four other local post-secondary institutions (namely HKAS, HKAPA, OUHK and VTC) are governed by their respective statutes. These statutes provide the

Kong Shue Yan University and Tung Wah College.

¹² Including The Open University of Hong Kong and Hong Kong Art School.

¹³ Including Caritas Bianchi College of Careers, Caritas Institute of Community Education, Hong Kong College of Technology, Hong Kong Institute of Technology, HKU SPACE Po Leung Kuk Stanley Ho Community College, Yew Chung Community College, and YMCA College of Careers.

¹⁴ 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.

¹⁵ Including the City University of Hong Kong's Community College and School of Continuing and Professional Education; Hong Kong Baptist University and its School of Continuing Education and College of International Education; Lingnan Institute of Further Education; The Chinese University of Hong Kong's School of Continuing and Professional Studies; The Education University of Hong Kong; The Hong Kong Polytechnic University and its School of Professional Education and Executive Development and Hong Kong Community College; The Hong Kong University of Science and Technology; The University of Hong Kong - HKU SPACE and HKU SPACE Community College; and the Vocational Training Council's four member institutions, namely the Hong Kong Institute of Vocational Education, Hong Kong Design Institute, School for Higher and Professional Education, and Technological and Higher Education Institute.

institutions concerned with a high degree of autonomy over academic and non-academic matters while maintaining an appropriate level of public accountability. Most of the statutory institutions have established subsidiaries (e.g. community colleges) to provide self-financing post-secondary programmes, as the governing legislation empowers the councils of these institutions to establish schools or corporations.

4.6 Enacted in 1960, the Post Secondary Colleges Ordinance (Cap. 320) sets out in detail the conditions that a private educational institution has to fulfill before it can be considered for registration as a post-secondary college. It was amended in 2001 to enable registered post-secondary colleges to award degrees subject to the approval of the Chief Executive in Council. In practice, any new degree programmes proposed by a registered college needs to first go through academic accreditation by the HKCAAVQ (and relevant professional accreditation by a professional authority, if required, as in the case of accountancy, social work, etc.) before it is considered by the Chief Executive in Council.

4.7 Originally designed for the regulation of schools at secondary or below level, the Education Ordinance (Cap. 279) also provides that the Permanent Secretary for Education may give approval for schools to provide post-secondary education. Institutions registered under this Ordinance are, however, prohibited from awarding degrees, and can only provide sub-degree education and/or non-local degree programmes (i.e. a degree conferred by an overseas institution instead of its partnering institution in Hong Kong, with the latter providing campus facilities and some teaching staff, etc. for the delivery of non-local degree education).

4.8 Comparing with Cap. 320, Cap. 279 imposes more requirements and control on registered institutions in terms of school management, school premises and charging of fees, etc. It is because when Cap. 320 was first enacted in 1960, there was a clear intention to concede colleges registered thereunder a greater measure of autonomy than they would enjoy under Cap. 279; hence apart from reasonable controls to ensure the satisfactory conduct of the colleges, specific penalties for infringement of Cap. 320 were deliberately omitted, other than the ultimate sanction of cancellation of registration as a post-secondary college. A

post-secondary college with its registration under Cap. 320 cancelled can alternatively seek registration under Cap. 279 with relatively more controls.

4.9 Apart from programmes provided by local institutions, there are also many “non-local” post-secondary education programmes operating in Hong Kong either independently by an overseas institution or jointly with a local partner (e.g. a local post-secondary institution). It should be noted that those programmes lead to a non-local qualification and are not necessarily locally-accredited, though regulated separately under the Non-local Higher and Professional Education (Regulation) Ordinance (Cap. 493) enacted in 1997 for the purpose of protecting “consumer” interests. They are required by law to have effective measures in place to ensure that their standard and quality are maintained at a level comparable to the same programme conducted and accredited in the home country of the awarding institution. Application for registration of a programme leading to the award of non-local higher academic qualification by a non-local institution will only be approved if the programme in question meets the specified criteria.

4.10 In view of recent incidents involving the delivery of some problematic non-local programmes in Hong Kong, enhanced enforcement actions under the current Cap. 493 regulatory regime have been undertaken¹⁶, and further enhancement is being dealt with in a separate context. Therefore, matters relating to non-local programmes do not come within the ambit of the current review by the Task Force.

¹⁶ The major enhanced enforcement actions undertaken since mid-2016 include –

- (a) A new condition for registration has been imposed on courses newly registered since 31 October 2016 requiring operators concerned to maintain certain documents relating to the non-local courses for a specified period. While the same condition has also been imposed upon operators of existing registered courses from 1 September 2017, local institutions of higher education have agreed to comply with the same condition from January to September 2017.
- (b) The arrangement of referring minor contraventions of Cap.493 to law enforcement departments for follow-up action has been tightened since November 2016, leading to more prosecutions against operators.
- (c) Templates for periodic reports have been prepared and put into use since July 2016 to record comprehensively cases of possible contravention spotted from newspapers, magazines and websites, and arising from individual complainants.
- (d) Inspections to operators' premises have been conducted since September 2017.

Oversight bodies

4.11 At present, there are two prominent bodies advising the Government on policy matters relating to the development of the higher education sector – broadly speaking, UGC¹⁷ on the publicly funded sector and CSPE¹⁸ on the self-financing sector.

4.12 In response to the relevant recommendation in the *Higher Education Review* report published by the UGC in 2010, a policy advisory body for the self-financing post-secondary education sector, viz. the CSPE, was established by the EDB in April 2012 to serve as a 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. The Committee comprises members of the SPEF Steering Committee¹⁹ and representatives from the self-financing post-secondary sector and QA bodies.

4.13 Apart from proposing the establishment of the CSPE, the UGC's *Higher Education Review* report in 2010 also reaffirmed that it was a proper function of UGC-funded institutions to carry out self-financing activities, notably in research, knowledge transfer and the provision of taught-postgraduate programmes. Oversight of such activities of UGC-funded universities, regardless of funding source, rests with the UGC. It is an established rule and all UGC-funded universities agree

¹⁷ The main function of the UGC is to allocate funding to its funded universities, and to offer advice to the Government on the strategic development and resource requirements of higher education in Hong Kong. UGC also provides the institutions with developmental and academic advice, having regard to international standards and practice.

¹⁸ CSPE advises the Secretary for Education mainly on macro and strategic issues of common interest to the self-financing post-secondary education sector; and quality and development of the self-financing post-secondary education sector.

¹⁹ The SPEF was established in August 2011 and has received a total injection of \$3.52 billion so far from the Government to support two schemes, i.e. the Self-financing Post-secondary Scholarship Scheme, which provides scholarships to meritorious students in self-financing sub-degree and undergraduate studies; and the Quality Enhancement Support Scheme, which finances worthwhile non-works projects or initiatives undertaken by eligible institutions/organisations to enhance teaching and learning. The SPEF Steering Committee advises on the policies and implementation of the initiatives for the Fund.

that public funds should not be used by UGC-funded universities as cross-subsidies for self-financing activities. The UGC also pursues greater transparency in the financial relationship between UGC-funded universities and their self-financing operations either within the university or in an affiliate (such as community college), to ensure that the levels of cost recovery on self-financing activities are appropriate.

Quality Assurance for Self-financing Post-secondary Education

4.14 All local post-secondary programmes are required to undergo QA before they can be offered in Hong Kong. It is our community's expectation that there should be a sound, robust and transparent QA mechanism in place to ensure provision of a quality post-secondary education, irrespective of whether the providers of such education receive recurrent public subvention. Currently, two QA mechanisms co-exist in Hong Kong.

4.15 For programmes offered by institutions with self-accrediting status, i.e. the eight UGC-funded universities (including their self-financing arms), OUHK, and institutions enjoying PAA status in certain disciplines²⁰, they are primarily subject to their internal QA procedures.

4.16 Self-accrediting institutions and other degree-awarding institutions differ in terms of QA mechanisms mainly because of their level of development. The quality of programmes provided by self-financing institutions without self-accrediting status is assured by going through accreditation by the HKCAAVQ. An accreditation status granted by the HKCAAVQ has a specified validity period. Accredited institutions/programmes are subject to re-accreditation regularly (e.g. every five years for four-year undergraduate programmes). Institutions need to ensure the continued quality of their programmes in order to maintain their accreditation status. As such institutions mature and gain

²⁰ PAA is conferred by the HKCAAVQ on operators with sufficient QA competency and maturity at the organisational level and a good track record in their validated programmes. For example, some more established institutions registered under Cap. 320 such as Hong Kong Shue Yan University, Chu Hai College of Higher Education and Hang Seng Management College, enjoy PAA status in certain programme areas.

credibility and stature, there is an established mechanism for them to obtain a PAA status from the HKCAAVQ, thereafter maintaining their quality independently. The same arrangements applied to several UGC-funded universities which were previously subject to HKCAAVQ's (or its predecessors') accreditation in their early years of operation before obtaining self-accrediting status by statute.

Summary of Stakeholders' Views

4.17 According to the written submissions from stakeholders collected in the period of November 2017 to February 2018 –

On regulation and support for the sector

- (a) Self-financing post-secondary institutions generally agree that the Government should provide more material support for self-financing post-secondary institutions and their students; but should not micro-manage the operation of the institutions, e.g. tuition fees, on the ground of institutional autonomy and their self-financing nature. Some ask for (i) more steer in the provision of programmes that better meet societal and manpower needs; (ii) review of current regulation over non-local degree programmes; (iii) more regulation over the self-financing operations of UGC-funded universities and VTC (whereas some subvented institutions ask for more oversight over the finance, governance and outputs of privately-run self-financing institutions); (iv) a single QA body, thereby applying the same set of rules and procedures for all institutions; (v) streamlining HKCAAVQ's QA procedures; and (vi) reviewing Cap. 320.
- (b) Some stakeholders from the secondary school sector are of the view that there should be more control or guidance over the quality and relevance of self-financing programmes, although some others opine that such control should not be excessive; and that the Government should better ensure the quality and market relevance of self-financing institutions and their programmes.
- (c) Some professional and business bodies ask the Government to provide more resources and policy support for self-financing post-secondary institutions and their students, but some others

see no problem letting the market determine self-financing institutions' development.

On subvented institutions' operation of self-financing programmes

- (d) Independent self-financing and privately-run institutions all consider that they are not competing with subvented institutions (and their extension arms) in the operation of self-financing programmes on a level playing field. They are of the view that the subvented institutions enjoy advantages in terms of their branding, more flexible accreditation arrangement outside the purview of HKCAAVQ, and better government-funded facilities despite compliance with the "no cross subsidy" financial requirement. All the privately-run institutions call for further action from the Government to either step up regulation for subvented institutions in the operation of self-financing programmes (especially undergraduate programmes), or even cease the operation of such programmes altogether which they consider to be a deviation from the original mission of subvented universities.
- (e) Independent self-financing and privately-run institutions generally consider that more favourable policy and support measures for self-financing institutions are necessary to facilitate a more healthy and fair environment.
- (f) On the other hand, subvented universities and their affiliated institutions (such as community colleges) argue that there is already a fair playing field given the requirement for UGC-funded universities to not cross-subsidise their self-financing activities. Some ask the Government to extend the current student subsidy schemes to all institutions irrespective of their background and affiliation. At present, students of self-financing programmes run by UGC-funded universities or their extension arms are not eligible for such subsidy schemes.
- (g) For the other stakeholders, some see no problem for subvented institutions to operate self-financing programmes while a few ask for clearer delineation of roles.

Task Force's observations

4.18 The Task Force attaches great importance to the academic freedom and institutional autonomy of each and every post-secondary institution. It understands that self-financing institutions should have the flexibility in their strategic development and academic planning within the broad perimeters of relevant regulatory regimes.

4.19 The Task Force recognises that **any Government regulation of self-financing post-secondary education sector should fully take into account the mostly “private” nature of the providers and their mode of operation which does not involve any recurrent subvention from the Government.** Nevertheless, the current reliance on “market forces” has given rise to concerns over the lack of strategic co-ordination among institutions in the provision of self-financing post-secondary education programmes. For instance, many institutions are providing largely similar programmes such that there is a lack of differentiation amongst them, hence not conducive to the development of a well-balanced post-secondary education sector with reasonable diversity and sustainability.

4.20 The Task Force's views on the key issues and limitations of the current regulatory regime are –

- (a) There is minimal strategic co-ordination among self-financing post-secondary institutions at present as to how they should position themselves and further develop for the long-term benefit of higher education in Hong Kong. The need for strategic co-ordination will be even more imminent in face of student demographic decline. For the sake of the sector's overall prospect and individual institutions' healthy development, **the Government should foster strategic co-ordination among self-financing institutions and help them identify and develop their distinct character and niche areas.** That said, the Task Force agrees that oversight of self-financing institutions should focus on enhancing their transparency, QA and good governance, rather than micro-management. Where public funds are involved as in the support measures, mechanism should be

devised under the principle of reasonableness and proportionality to ensure that resources are put to intended use in a prudent manner.

- (b) There has been regulation, through the UGC, over the provision of subvented degree and sub-degree places in publicly-funded universities, while the self-financing post-secondary institutions essentially determine the provision of degree and sub-degree places on their own based on their perceived market demand. So far, the Government's involvement in the development strategy/plan of self-financing institutions has been minimal; their provision of post-secondary education is primarily subject to them meeting the necessary accreditation requirements for individual programmes. This is not conducive to the strategic development of the sector in tandem with social and economic needs.
- (c) There is currently an overlapping of functions between the Education Ordinance (Cap. 279) and the Post-secondary Colleges Ordinance (Cap. 320) in the sense that self-financing institutions offering sub-degree programmes can be registered under either legislation, though the requirements and controls on registered institutions under the two legislations are quite different.
- (d) While the non-statutory institutions are subject to either Cap. 279 or Cap. 320, institutions that are established by statute (notably the UGC-funded universities) can offer self-financing sub-degree and degree programmes subject to their own set of statutory control and regulation. **Such a discrepancy among regulatory regimes poses challenges to consistency in governance, QA and transparency of providers for the same level of education programmes, and has been a cause of concern to some stakeholders in the community.** Indeed, UGC-funded universities and their extension arms are taking up

the bulk of self-financing programme intakes at sub-degree and top-up degree levels²¹.

4.21 The Task Force would like to invite further views from stakeholders and the public on the following possible ways to improve the regulatory regimes and facilitate a more healthy development of the sector –

- (a) In order to encourage self-financing post-secondary institutions to develop their distinctive roles and positioning in the overall higher education landscape, **institutions may be required to better enunciate their strategic plan as a post-secondary institution in the development of higher education and in meeting human resources demand in Hong Kong, as well as their aspirations and development strategy.**

- (b) To ensure that the self-financing sector continues to develop in a healthy and sustainable manner and to safeguard the integrity of the system, **the Government may need to formulate a clear policy underpinned by a fair and transparent mechanism (through either legislative or administrative arrangements) such that those operators whose development and institutional capabilities fall short of their original plan (partly based on which their programmes were accredited for offering to students) after a reasonably long trial period may be de-registered,** with a view to ensuring that institutions can fully demonstrate their competency in continuing to offer an appropriate level of self-financing post-secondary programmes. HKCAAVQ should be invited to review its accreditation processes and criteria, in order to better complement such efforts aimed at quality and competency assurance.

- (c) For the sake of uniformity and consistency in regulation, the Task Force sees merits **to review and update the Post Secondary Colleges Ordinance (Cap. 320)** to reflect the public

²¹ UGC-funded sector provides about 60% and 53% of all self-financing sub-degree and top-up degree intakes in 2016/17.

expectation and Government policy on the regulation of self-financing degree-awarding institutions as well as those providing sub-degree programmes.

- (d) Furthermore, the regulatory framework for all post-secondary education institutions should be aligned by **applying the updated Cap. 320 to all institutions providing self-financing locally-accredited local programmes at sub-degree and/or undergraduate levels.** In other words, all post-secondary institutions that are currently registered under the Education Ordinance (Cap. 279) and all self-financing subsidiaries/schools of UGC-funded universities are to migrate to the “reformed” regulatory regime under the aegis of Cap. 320 after the Ordinance is reviewed and modernised to enable the change. Doing so will not only forge a uniform and consistent regulatory and QA framework for all self-financing post-secondary institutions, which could be better understood by the public, it will also open up new opportunities and facilitate some of those institutions with the relevant capabilities and experience to evolve into private universities under Cap. 320.
- (e) Migrating all self-financing activities at sub-degree and undergraduate (including top-up degree) levels of UGC-funded universities to the new system under Cap. 320 will mean a full detachment of such activities from the university proper. While doing so will echo the recommendation made by the UGC in its *Higher Education Review* report of 2010, the Task Force considers that **the migration process should be managed with care, taking into account any possible impact on students and teachers.** There may well be a need for a reasonable transition period to minimise any undue disruptions.
- (f) When all relevant local self-financing institutions come under the same regulatory regime, they will be subject to the same, unified QA control mechanism applicable to all Cap. 320 institutions, i.e. QA (including academic accreditation) by the HKCAAVQ. Consideration could also be given to **fostering closer communication and cooperation between the UGC**

sector (including the Quality Assurance Council) and the HKCAAVQ to better align their standards and practices in terms of QA.

- (g) To facilitate the proposed changes, consideration should be given to making available **new support measures for the self-financing institutions to migrate to the new regulatory framework**, say, in the form of funds/loans²², to help quality institutions sustain and grow. Similar to the existing Government support measures, any new support measures should incorporate requirements for benefitting institutions to step up their transparency and accountability to the public.
- (h) **The role and functions of the CSPE may be strengthened** having regard to the need to provide further steer, facilitation and coordination of issues relating to the development of and financial support measures for the sector. The Committee's membership may well be broadened in light of its expanded mission.

²² For instance, consideration could be given to providing a one-off grant/loan (by either expanding the scope of an existing support scheme or implementing a new initiative) for institutions that have clearly committed to migrating to the new system. The grant/loan should be mainly used to support institutions' academic development and campus enhancement initiatives brought about by the migration.

Chapter 5: Way Forward of Sub-degree Programmes

5.1 “Sub-degree” education in Hong Kong embraces two different credentials, namely HD of a vocational character and AD, which is commonly of a relatively more general academic nature. As stipulated in the *Common Descriptors for Associate Degree and Higher Diploma Programmes under the New Academic Structure*²³, AD and HD are both worthwhile standalone sub-degree qualifications that prepare students for further studies and initial employment at the para-professional level. While AD and HD are of equal standing in terms of level, i.e. Level 4 of the Hong Kong Qualifications Framework, their curricula are characterised by different proportions of generic and specialised content, - an HD programme should have at least 60% of curriculum consisting of specialised contents (e.g. learning related to concentrations, disciplines and professions, vocational skills, etc.) whereas an AD programme should have at least 60% of curriculum consisting of generic contents (e.g. language, IT, general education, etc.).

5.2 Prior to 2000, sub-degree programmes in Hong Kong were primarily HD programmes, mainly offered by PolyU, CityU and VTC. Most of these programmes were publicly-funded, and were geared towards meeting the manpower requirements of specific industries. Hence, the programme contents were largely vocational-oriented and profession-specific.

5.3 Unlike HD programmes which have over 40 years of history in Hong Kong, the AD qualification was only introduced to Hong Kong in 2000. AD originated from the development of community colleges in the United States in the 19th century, and was later also adopted in Canada, whereas HD is a more common sub-degree qualification in the United Kingdom and British Commonwealth countries.

5.4 In response to the policy objective of achieving a 60% post-secondary education participation rate by 2010, most UGC-funded institutions started to offer AD programmes through their

²³ The Common Descriptors was promulgated by the EDB, the HKCAAVQ, and the Joint Quality Review Committee in 2010.

newly-established community colleges. In 2000, there were less than 10 000 sub-degree programme places available from a handful of operators; nowadays there are about 20 institutions providing nearly 35 000 programme places. Two-thirds of all sub-degree programme intake places are now self-financing.

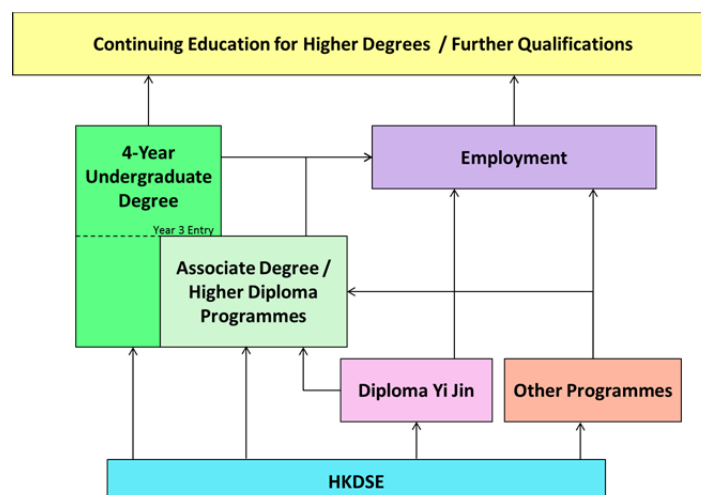
5.5 VTC is the main provider of subvented sub-degree programmes (all being HD programmes), with an annual intake of about 9 000 now. VTC also operates self-financing HD programmes. On the other hand, about 95% of nearly 21 000 students in AD programmes are enrolled at the self-financing arms of UGC-funded universities, which, together with the VTC, also accommodate nearly 70% of some 16 000 students in HD programmes regardless of funding mode.

5.6 **Annex D** shows the number of sub-degree graduates since 2003/04 and their exit statistics. The statistics show that more HD graduates take up employment as compared to AD graduates, a majority of the latter opt for further studies.

Government Policies on Sub-degree Qualifications

Value of Sub-degree Education

5.7 The Government promotes sub-degree as a worthwhile standalone qualification that is fit for both articulation and employment. The diagram below indicates where sub-degree education stands in students' progression pathway.



5.8 The admission requirements of sub-degree programmes are less stringent than those of undergraduate programmes in the sense that students only need to attain Level 2 in five HKDSE subjects including English and Chinese (i.e. “22222”) to be eligible for AD or HD programmes, whereas students generally need to attain Level 3 in Chinese and English, and Level 2 in Mathematics, Liberal Studies and one elective subject in HKDSE (i.e. “33222”) to be considered for admission to FYFD programmes. Statistics show that each year around 40% of all HKDSE takers score “33222” or above and about 70% students with “22222” or above.

5.9 Sub-degree programmes therefore provide a more commensurate articulation pathway for students who cannot reach the bar of pursuing degree education immediately upon completion of secondary school. After a two-year curriculum, sub-degree holders may opt for employment or articulation to top-up degree studies. Statistics show that a majority (50 to 60%) of sub-degree graduates continued with their studies at UGC-funded or self-financing degree programmes, yet the trend is much stronger among AD graduates than HD graduates (around 80% vs. around 40%). It can be said that the development of sub-degree qualifications supplements the traditional academic pathway which focused on direct admission to university education after secondary school education.

Recognition and Promotion

5.10 Sub-degree graduates are expected to possess the skills for employment at elementary management level or associate professional level. The Government has taken the lead to recognise sub-degree qualifications by making them one of the entry requirements for appointment to 14 civil service grades²⁴. Overall, sub-degree graduates can apply for about 80 civil service grades at present.

5.11 Sub-degree qualifications are also recognised outside Hong

²⁴ Including Ambulance Officer, Assistant Information Officer, Assistant Leisure Services Manager II, Assistant Programme Officer, Health Inspector II, Immigration Officer, Inspector of Customs and Excise, Inspector of Police, Occupational Safety Officer II, Officer (Correctional Services), Operations Officer (Airworthiness), Police Translator II, Station Officer (Operational) / (Control) and Statistical Officer II.

Kong. Many tertiary institutions in other economies, such as Australia, the United States, the United Kingdom and Taiwan, are willing to provide progression pathways for post-secondary programme graduates from Hong Kong, including sub-degrees. Although the notion of sub-degree qualification is new to the Mainland, the Huaqiao University in Fujian Province started to admit sub-degree graduates from Hong Kong to pursue top-up degree studies there since 2016.

5.12 Self-financing institutions providing sub-degree education are eligible for a number of Government support measures that are applicable to all self-financing post-secondary education institutions, e.g. the Land Grant Scheme, Start-up Loan Scheme, and schemes supported by the SPEF (see Chapter 4). Students enrolled in self-financing sub-degree programmes may also apply for student grant/loan.

Articulation Opportunities

5.13 The UGC's 2002 *Report on Higher Education in Hong Kong* with respect to the introduction of AD qualification forecast accurately that “*One key change will be the creation of a new demand from those who have completed associate degrees, for entry with appropriate credits in the advanced years of first degrees.*” As the number of sub-degree graduates continued to increase and many of them aspired to degree qualifications, both the UGC-funded sector and self-financing sector started to meet such demand through the provision of top-up degree programmes²⁵. The number of new intakes to top-up degrees rose from 4 100 in 2008/09 to 12 600 in 2016/17. In 2014, the Government decided to gradually increase the number of UGC-funded senior-year entry places from 4 000 to 5 000 by 2018/19.

5.14 While the general consensus is that sub-degree graduates should be deemed fit for articulation to Year 3 of four-year undergraduate programmes, which has been the practice for articulation to UGC-funded senior year places, it is not uncommon for self-financing institutions to require sub-degree graduates (usually those with less relevant prior learning experience at sub-degree level) to start from Year 2 (or even Year

²⁵ Generally known as “senior-year entry” in the UGC-funded sector, usually Year 3 entry to a four-year undergraduate programme.

1) of their four-year undergraduate programmes.

Employment Situation of Sub-degree Graduates

5.15 To gauge the opinions of employers on the performance of sub-degree graduates they have employed, and to examine the progression pathways of sub-degree graduates, the Government regularly conducts employer opinion surveys and tracking surveys. Between 1998 and 2013, a total of seven surveys in the same series had been conducted. The surveys started to cover publicly-funded sub-degree graduates since 2000, and encompassed both publicly-funded and self-financing sub-degree graduates since 2006. A longitudinal comparison of the overall performance score of sub-degree graduates by year of graduation is shown below.

	2000 graduates	2003 graduates	2006 graduates	2010 graduates	2013 graduates
Overall Performance	3.36	3.44	3.41	3.35	3.35

5.16 The latest employer survey results indicated that the overall performance of the 2013 sub-degree graduates (more than 700 in sample size) was assessed by employers as satisfactory, with an average score of 3.35 (scale of 0 to 5, 5 being the highest), which was between “generally meeting employers’ requirements” and “sometimes exceeding employers’ requirements”. In particular, 11% of graduates employed received a rating of 4.01 or above, indicating that around one-tenth of graduates “always” or “sometimes” went beyond employers’ requirements. There were only 1% of graduates who received a rating of 2.00 or below, implying that only very few graduates failed to meet employers’ required standards.

Summary of Stakeholders’ Views

5.17 According to the written submissions from stakeholders collected in the period of November 2017 to February 2018 –

- (a) Diverse views have been received from post-secondary institutions on whether AD qualification should be retained. While it is generally agreed among post-secondary institutions that AD qualification has lower recognition than HD insofar as employment is concerned, many of the post-secondary institutions see merits in further developing AD programmes to provide secondary school graduates who did not do well in public examinations with a “second chance” to articulate to degree-level education. Some institutions also mention the value of AD as providing good foundation skills in languages and general education to students, offering a platform for students to explore and discover their future academic and/or career paths. Nevertheless, a few post-secondary institutions do not support continuing the AD qualification as they consider it not sufficient as a standalone and valuable qualification, as evident by the fact that most AD graduates articulate to degree programmes. For those institutions which support the AD qualification to be further developed, some see the need for a review of the common descriptors for AD and HD, and for more Government efforts in promoting AD qualification.
- (b) For the secondary school sector, some recognise the value of AD programmes as an alternative study pathway while some suggest containing the number of AD programmes; some support the continuation of AD qualification but consider it necessary to re-define its position.
- (c) Most of the submissions from professional and industry associations/advisory committees see a need to retain both AD and HD qualifications but with more clearly differentiated roles. Most of them agree that HD qualifications are better recognised by employers as they are more specialised and professional.
- (d) As for the submissions from individuals (including parents, students, etc.), a majority of them support retaining both AD and HD programmes, most of them pointing to the value of AD programmes in providing diversity and flexibility to students for

career or articulation purposes. A number of them also urge the Government to continue to enhance the recognition of AD programmes.

Task Force's observations

5.18 The Task Force notes that it is the common aspiration of students, parents, as well as the self-financing institutions for the Government to continue to give recognition to and support sub-degree education in general. As summarised in paragraph 5.17 above, retaining AD education was the majority view among stakeholders. Besides, during the Task Force's visits to institutions, many students have expressed that, through the two-year AD education, they were able to pick up their learning motives and better prepare themselves for degree-level studies. This group of students deeply values AD education as a "second chance" for articulation to degree education.

5.19 The Task Force considers that the introduction of AD programmes and the subsequent expansion of sub-degree education have played an important part in the transformation of Hong Kong into a knowledge-based economy. At the same time, there has been a gradual shift in the role and functions of sub-degree education and it has become evident now that in reality AD qualification is generally used as a bridging qualification for articulation to degree education. Sub-degree education meets the solid demand of those secondary school leavers who cannot gain direct access to degree studies or do not wish to enter the labour force right away. While HD education better prepares secondary school leavers for employment in specific fields at para-professional level by equipping them with the necessary vocational knowhow or professional skills, AD education on the other hand focuses on polishing students' generic knowledge including the languages, and also allows this group of young adults (usually at the age of 17 to 18) two more years of immersion and general training in an academic environment, giving them more time to mature and contemplate their future.

5.20 The Task Force accepts the views of many stakeholders (including institutions) that **there is a need to have a clearer positioning**

of sub-degree qualifications, especially the AD qualification, as well as a review of the design and market relevance of sub-degree programmes. There have been suggestions from employers and the community to improve the adequacy of sub-degree programmes in providing better training to students in respect of their vocational and generic skills required for employment at para-professional level or articulation into higher level studies. Particularly for HD programmes, the current two-year duration often leaves little room for practicum and job attachments which can enhance the employability of students. Hence there are calls for a review of the sub-degree qualifications and their curricula. Employers from some industry sectors have expressed that equipping HD graduates with knowledge in new technology and prevailing skills set relevant to the industry would greatly enhance graduates' employability and their contribution to the human resources needs of Hong Kong society. For instance, additional practical training on top of the current HD curricula would give graduates an added advantage in meeting job market needs, especially in the engineering disciplines (such as aircraft engineering, construction, mechanical engineering and building services engineering) and healthcare.

5.21 In view of the development of AD education so far, the views of stakeholders, and the role differentiation between AD and HD education in some other economies (see Chapter 2), the Task Force considers that **while the prevailing binary system of sub-degree education should be maintained at large for overall educational purposes, the positioning of AD and HD should be better differentiated and fit for purpose.** The Task Force considers that given the generic curriculum of AD programmes, the AD qualification may be positioned as primarily supporting articulation to general degree programmes though still viable as a standalone qualification for initial employment in areas not requiring specialised skills; whereas HD qualification may be positioned as mainly supporting articulation to more specialised degree programmes related to VPET, as well as a standalone qualification to make graduates ready for employment at para-professional level in relevant industries and professions.

5.22 The Task Force sees merits in enhancing the design of sub-degree programmes. It is noted that the structure of sub-degree

programmes (e.g. study duration, curriculum content, minimum entrance requirements) had evolved over time in response to community needs and development in our education system at various stages, and the modifications made to the structure of sub-degree programmes were a result of reviews and consultations. The Task Force has further discussed whether and how to step up support for sub-degree education.

5.23 On enhancing the design of sub-degree programmes, the Task Force sees merits for the Government to conduct a **more focused study at the next phase on refining the structure and curriculum of sub-degree programmes**, especially HD programmes, to allow for a more flexible study duration to cater for the nature and requirements for different programmes. Operators should be encouraged to suitably incorporate more specialised contents and credit-bearing practicum or job attachment hours into the curriculum to better prepare students for employment or articulation.

5.24 **As regards the possible ways of enhancing support for sub-degree operators and students, the Task Force notes a range of views in the community.** Some consider the current arrangement of not providing direct non-means-tested subsidy to students pursuing self-financing sub-degree programmes undesirable, while others have reservation on extending such a subsidy to students pursuing sub-degree programmes. In this connection, the Task Force would like to invite further views on the following suggestions received –

- (a) to maintain the current level of support for sub-degree students through existing measures applicable to sub-degree operators and students (see Chapter 4);
- (b) to step up support for students on selected self-financing sub-degree programmes that nurture talent in support of specific industries with pressing demand for human resources. Although the Government has already been providing recurrent funding to a few UGC-funded universities and the VTC in offering subvented sub-degree programmes (with nearly 11 000 intake places annually) to meet specific manpower demand, there are calls for leveraging on the supply of relevant

self-financing sub-degree programmes which could also meet specific manpower needs. To do so, consideration can be given to (i) expanding the scope of the current SSSDP to cover selected disciplines in sub-degree programmes as well; and/or (ii) providing one-off start-up grant/loan to self-financing institutions for developing worthwhile sub-degree programmes with high market relevance and high upfront investment, especially in hardware; or

- (c) on top of (b) above, to also consider enhancing support for all other eligible students of self-financing sub-degree programmes through the provision of non-means-tested annual tuition fee subsidy.

5.25. Notwithstanding the above, the Task Force agrees with the views expressed by some stakeholders that **stepping up the promotion for HD education is particularly pivotal to the re-industrialisation and the next phase of economic development of Hong Kong.** In anticipation of rising degree-level participation rate in Hong Kong as supported by the adequate supply of undergraduate-level study places (subvented plus self-financing) in the foreseeable future, and having regard to the feedback from industry stakeholders, the Task Force would also like to appeal to institutions, students and parents to attach more importance to HD education which could possibly provide comparable career prospects, if not more promising in some specialised fields, for students vis-à-vis education leading to a general degree. The Task Force understands that the Government has already established a dedicated task force to look into ways to further promote VPET, in which context the issue of enhancing HD education would be studied.

Task Force on Review of Self-financing Post-secondary Education

Membership

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Professor Julia TAO LAI Po-wah

Official Members

Secretary for Education or his representative

Secretary General of the University Grants Committee or his representative

Terms of Reference

The Task Force on Review of Self-financing Post-secondary Education is appointed by the Secretary for Education –

- (a) To consider the overall role and function of the self-financing post-secondary education sector in serving the long term education and manpower needs of Hong Kong;
- (b) To review major issues of concern pertinent to the ecology of the self-financing sector, including the role of the self-financing operation of subvented institutions vis-à-vis self-financing post-secondary institutions;

- (c) To review the future development of sub-degree programmes; and
- (d) Having regard to the outcome of the review, to identify scope for improvement and make recommendations to the Secretary for Education.

**Institutions Providing Full-time Locally-accredited
Sub-degree and Undergraduate Programmes in Hong Kong**

	Abbreviation	English Name	Chinese Name
1.	CBCC	Caritas Bianchi College of Careers	明愛白英奇專業學校
2.	Centennial	Centennial College	明德學院
3.	Chu Hai	Chu Hai College of Higher Education	珠海學院
4.	CICE	Caritas Institute of Community Education	明愛社區書院
5.	CIHE	Caritas Institute of Higher Education	明愛專上學院
6.	CityU – CCCU – SCOPE	City University of Hong Kong – Community College of City University/UOW College Hong Kong – School of Continuing and Professional Education	香港城市大學 – 專上學院/香港 澳大利亞伍倫貢 書院 – 專業進修學院
7.	CTIHE	HKCT Institute of Higher Education	港專學院
8.	CUHK – CUSCS	The Chinese University of Hong Kong – School of Continuing and Professional Studies	香港中文大學 – 專業進修學院
9.	EdUHK	The Education University of Hong Kong	香港教育大學
10.	Gratia	Gratia Christian College	宏恩基督教學院
11.	HSMC	Hang Seng Management College	恒生管理學院
12.	HKAPA	The Hong Kong Academy for Performing Arts	香港演藝學院
13.	HKAS	Hong Kong Art School	香港藝術學院
14.	HKBU – CIE – SCE	Hong Kong Baptist University – College of International Education – School of Continuing Education	香港浸會大學 – 國際學院 – 持續教育學院
15.	HKCT	Hong Kong College of	香港專業進修學校

	Abbreviation	English Name	Chinese Name
		Technology	
16.	HKIT	Hong Kong Institute of Technology	香港科技專上書院
17.	HKU – HKU SPACE – HKU SPACE CC	The University of Hong Kong – School of Professional and Continuing Education – HKU SPACE Community College	香港大學 – 專業進修學院 – 附屬學院
18.	HKU SPACE PLK CC	HKU SPACE Po Leung Kuk Stanley Ho Community College	香港大學專業進修學院保良局何鴻燊社區書院
19.	HKUST	The Hong Kong University of Science and Technology	香港科技大學
20.	LU – LIFE	Lingnan University – Lingnan Institute of Further Education	嶺南大學 – 持續進修學院
21.	Nang Yan	Hong Kong Nang Yan College of Higher Education	香港能仁專上學院
22.	OUHK – LiPACE	The Open University of Hong Kong – Li Ka Shing Institute of Professional and Continuing Education	香港公開大學 – 李嘉誠專業進修學院
23.	PolyU – HKCC – SPEED	The Hong Kong Polytechnic University – Hong Kong Community College – School of Professional Education and Executive Development	香港理工大學 – 香港專上學院 – 專業進修學院
24.	SCAD	SCAD Foundation (Hong Kong) Limited / Savannah College of Art and Design, Inc.	薩凡納藝術設計(香港)大學有限公司 / Savannah College of Art and Design, Inc
25.	HKSYU	Hong Kong Shue Yan University	香港樹仁大學
26.	TWC	Tung Wah College	東華學院

	Abbreviation	English Name	Chinese Name
27.	VTC – IVE – HKDI – THEi – SHAPE	Vocational Training Council – Hong Kong Institute of Vocational Education – Hong Kong Design Institute – Technological and Higher Education Institute of Hong Kong – School for Higher and Professional Education	職業訓練局 – 香港專業教育學院 – 香港知專設計學院 – 香港高等教育科技學院 – 才晉高等教育學院
28.	YCCC	Yew Chung Community College	耀中社區書院
29.	YMCA	YMCA College of Careers	青年會專業書院

1. Number of eligible Secondary 6 graduates for first-year first-degree (FYFD) and sub-degree places (2016 to 2022)

Year of graduation	2016	2017	2018	2019	2020	2021	2022
No. of Secondary 6 graduates	57 000	52 100	51 600	48 100	45 500	43 700	43 000
No. of Secondary 6 students meeting the general entrance requirements for FYFD admission (A)	<u>23 600</u>	<u>20 900</u>	<u>20 600</u>	<u>19 200</u>	<u>18 200</u>	<u>17 500</u>	<u>17 200</u>
No. of Secondary 6 students meeting the general entrance requirements for sub-degree admission (B)	39 000	34 660	36 100	33 700	31 900	30 600	30 100
No. of Secondary 6 students meeting the general entrance requirements for sub-degree admission but not that for undergraduate studies, i.e. (B) – (A)	<u>15 400</u>	<u>13 760</u>	<u>15 500</u>	<u>14 500</u>	<u>13 700</u>	<u>13 100</u>	<u>12 900</u>

Notes

- a. The general entrance requirement for admission to undergraduate programmes is the attainment with level 3 in Chinese Language and English Language, and level 2 in Mathematics Compulsory Part and Liberal Studies, respectively in the Hong Kong Diploma of Secondary Education (HKDSE). Based on previous statistics, the percentage of Secondary 6 students attaining 3322 or better at HKDSE is about 40% of the total Secondary 6 students. The projected figures for 2018 and beyond are based on the assumption that the relevant percentage remains about the same.
- b. The general entrance requirement for admission to sub-degree programmes is the attainment with level 2 in five HKDSE subjects (including Chinese Language and English Language). Based on previous statistics, the percentage of Secondary 6 students attaining such results is about 70% of the total Secondary 6 students. The projected figures for 2018 and beyond are based on the assumption that the relevant percentage remains about the same.

- c. The 2016 and 2017 figures are actual while the rest are projection. The estimated figure have not taken into account non-HKDSE graduates (e.g. international school graduates and students returning from overseas), graduates pursuing further studies overseas or repeating Secondary 6.

2. Supply of FYFD and sub-degree places (2016/17 to 2022/23)

Academic Year	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Publicly-funded FYFD places*	15 170	15 170	15 170	15 170	15 170	15 170	15 170
Self-financing FYFD places^	9 260	8 500	8 500	8 500	8 500	8 500	8 500
Total	24 430	23 670	23 670	23 670	23 670	23 670	23 670
Publicly-funded sub-degree places*	10 900	11 100	11 100	11 100	11 100	11 100	11 100
Self-financing sub-degree places^	20 800	19 100	19 100	19 100	19 100	19 100	19 100
Total	31 700	30 200	30 200	30 200	30 200	30 200	30 200

Note

1. The 2016/17 and 2017/18 figures are actual while the rest is based on the level of 2017/18.

* Including UGC-funded FYFD and sub-degree programmes, Hong Kong Academy of Performing Arts FYFD programmes, and subvented sub-degree programmes of the VTC.

^ The number of self-financing places is projected based on the current level of provision. Relevant institutions are able to adjust their supply of self-financing places according to the declining student population. Subsidised places under the Study Subsidy Scheme for Designated Professions/Sectors are included.

Annex D

Graduate statistics of full-time sub-degree graduates since the 2003/04 academic year

Academic Year		2003 /04	2004 /05	2005 /06	2006 /07	2007 /08	2008 /09	2009 /10	2010 /11	2011 /12	2012 /13	2013 /14	2014 /15	2015 /16
<i>Subvented Associate Degree</i>	No. of graduates	1 855	1 937	1 647	1 189	427	420	428	344	401	475	402	357	323
	Full-time employment	41.8%	39.7%	36.3%	43.7%	34.5%	35.7%	48.6%	46.0%	51.5%	50.7%	47.1%	38.1%	35.0%
	Further studies	53.4%	56.3%	58.9%	56.0%	60.7%	56.8%	46.8%	50.7%	45.0%	46.2%	48.4%	57.4%	60.2%
<i>Self-financing Associate Degree</i>	No. of graduates	2 949	3 609	5 763	6 373	7 159	7 211	7 303	8 026	9 468	10 541	13 035	9 061	7 962
	Full-time employment	33.5%	29.2%	26.6%	21.6%	22.0%	14.5%	16.9%	18.8%	16.6%	17.4%	16.0%	10.8%	7.4%
	Further studies	62.9%	66.9%	65.9%	74.3%	73.3%	78.8%	76.3%	74.3%	76.7%	74.9%	73.9%	81.8%	84.3%
<i>Subvented Higher Diploma</i>	No. of graduates	5 191	5 857	6 234	5 966	5 853	6 499	6 680	7 107	7 334	7 498	10 344	8 969	8 855
	Full-time employment [^]	66.3%	62.3%	61.2%	60.4%	58.1%	51.4%	57.7%	59.9%	61.0%	60.5%	59.0%	52.8%	56.2%
	Further studies	26.0%	32.2%	32.9%	34.4%	33.9%	38.3%	33.7%	33.6%	31.3%	32.4%	32.9%	38.9%	35.7%
<i>Self-financing Higher Diploma</i>	No. of graduates	2 494	2 997	3 572	4 040	6 372	7 459	8 097	7 167	7 669	9 271	13 620	8 387	7 983
	Full-time employment [^]	55.7%	59.7%	58.0%	49.8%	46.3%	41.7%	45.0%	47.2%	41.1%	41.5%	35.3%	33.7%	29.2%
	Further studies	28.8%	31.9%	35.4%	42.3%	43.4%	47.8%	44.9%	44.0%	45.4%	46.9%	46.7%	50.0%	52.1%
Total:		12 489	14 400	17 216	17 568	19 811	21 589	22 508	22 644	24 872	27 785	37 401	26 774	25 123

[^] Figures of VTC include full-time and part-time employment.