

立法會
Legislative Council

LC Paper No. CB(4)1340/17-18(02)

Ref : CB4/PL/ED

Panel on Education

Meeting on 13 July 2018

**Background brief on issues related to the self-financing
post-secondary education sector**

Purpose

This paper summarizes the major views and concerns of the Panel on Education ("the Panel") regarding issues related to the self-financing post-secondary education sector.

Background

2. It is the Government's policy to support the parallel development of the publicly-funded and self-financing post-secondary education sectors. According to the Administration, there are about 150 and 300 self-financing post-secondary programmes at undergraduate level and sub-degree level respectively. These programmes are operated by 11 degree-awarding self-financing institutions registered under the Post Secondary Colleges Ordinance ("PSCO") (Cap. 320) or statutory institutions, eight University Grants Committee ("UGC")-funded universities 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. In the 2016-2017 academic year, self-financing places constituted about 40%, 72% and 68% of all first-year-first-degree, top-up degree and sub degree intake quotas respectively.

3. In response to the calls from the community for a review of the whole self-financing post-secondary education sector, the Chief Executive announced in the 2017 Policy Address to set up a task force to consider issues pertinent to the development of the sector. Under the chairmanship of Professor Anthony CHEUNG Bing-leung, the Task Force on Review of Self-financing Post-secondary Education was subsequently set up in October 2017.

Major views and concerns

4. Issues related to the self-financing post-secondary education sector have received ongoing attention by the Panel. The major issues of concern raised by members are summarized in the ensuing paragraphs.

Student intake

5. Some members expressed concern about insufficient student enrolment by self-financing post-secondary institutions due to the decline in number of secondary school graduates. Some members were worried that programmes would be terminated or institutions would cease operation due to low student enrolment. These members urged the Administration to provide appropriate assistance to sustain the development of the sector, such as by enhancing the quality of self-financing post-secondary programmes and promoting the recognition of qualifications awarded by self-financing post-secondary institutions.

6. As advised by the Administration, self-financing post-secondary institutions would likely discuss their operational difficulties with the Administration rather than taking the exit option immediately. Individual institutions might also consider consolidating some of the programmes to be offered as a result of the decline in student population. If an institution encountered difficulty in running a programme, the Administration would remind the institution concerned to make arrangements for students to complete their current study programmes if possible and not to enroll new students to the programmes pending cessation. The Administration might also provide relevant information for students who would need to continue their study in other institutions.

Enhancing quality and governance

7. Members expressed concern about the quality of self-financing post-secondary programmes and urged for early establishment of a single quality assurance ("QA") body for the entire post-secondary education sector as recommended in the Report of the Higher Education Review conducted by UGC in 2010. The Administration advised that the Administration was open-minded on the idea of a single QA body, and incremental measures were implemented to enhance the QA mechanism, such as setting up the Liaison Committee on Quality Assurance.

8. Some members called for a review of the outdated PSCO, which governed the registration and operation of post-secondary institutions, to

enhance the regulation and governance of self-financing institutions. Some other members considered it necessary to introduce institution-specific legislation or enacting a single piece of governing legislation to cover all self-financing post-secondary institutions.

9. As advised by the Administration, overseas experience had shown that apart from the legislative approach, the adoption of codes of good practices was also effective in promoting the healthy development of the sector. To this end, the Code of Good Practices on Governance and Quality Assurance for Self-financing Post-secondary Education Sector¹ ("the Code") was promulgated in June 2015 for all self-financing post-secondary institutions to adopt on a voluntary basis. A study of the sector-wide implementation of the Code undertaken by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications showed a high level of compliance across the sector after one year of implementation. Nevertheless, the matter would be considered during the review of the self-financing post-secondary education sector.

Financial support for students

Student finance

10. Members expressed grave concern about students' substantial loan debts resulting from the high tuition fees of self-financed programmes. They called on the Administration to identify effective measures to help students further their studies, such as by offering interest-free loans. The Administration advised that financial assistance were provided to students with financial needs. Grants and low interest rate loans were available for students pursuing eligible self-financing programmes under the Financial Assistance Scheme for Post-Secondary Studies.

Study Subsidy Scheme for Designated Professions/Sectors

11. The 2017 Policy Address announced the regularization of the Study Subsidy Scheme for Designated Professions/Sectors² ("SSSDP") from the 2018-2019 academic year. The number of subsidized places would be increased from about 1 000 to 3 000 per cohort. Members suggested that more

¹ The Code, which was promulgated by the Committee on Self-financing Post-secondary Education, covered areas of institutional governance, programme design and delivery, and staff, other resources and student support.

² SSSDP aimed to subsidize students in pursuing selected self-financing undergraduate programmes, to nurture the talents for industries in keen demand for labour, as well as to encourage the self-financing sector to take into account the economic and social development needs in their programme development.

laboratory-based programmes should be covered to tie in with the promotion of Science, Technology, Engineering and Mathematics education and the number of subsidized places should be increased if SSSDP was deemed effective.

Non-means-tested subsidy scheme

12. In July 2017, the Administration announced that starting from the 2017-2018 academic year, a non-means-tested annual subsidy of \$30,000 would be provided for eligible students pursuing full-time locally-accredited local and non-local self-financing undergraduate (including top-up degree) programmes in Hong Kong (save for those already benefitted under SSSDP) offered by eligible institutions. Some members expressed the view that the Administration should extend the scheme to self-financing undergraduate programmes at UGC-funded universities (including their self-financing arms) and associate degree programmes. The Administration advised that members' views would be considered when reviewing issues related to the self-financing post-secondary education sector.

13. There were concerns that with the implementation of the scheme, the self-financing post-secondary institutions might increase tuition fees and their operation might become more commercialized and market-driven. As advised by the Administration, it would enter into an agreement with the relevant institutions to ensure that the annual increase in tuition fees of eligible programmes would not be over the Composite Consumer Price Index, taking into account flexibility in allowing for justified cases. Prior approval by the Education Bureau would be required for any exceptional cases.

14. Some members expressed concern that some self-financing post-secondary institutions collected the first instalment of tuition fees and exorbitant non-refundable enrolment deposits at a too early stage. They were worried that the enrolment deposit would be deducted from the \$30,000 subsidy and enquired about measures, if any, to avoid students having to forfeit a large amount of deposits/tuition fees due to different admission timelines among institutions. The Administration advised that it had liaised with the relevant institutions for further alignment of their admission arrangements. Most of them had agreed to implement the new arrangements on the collection of enrolment deposit and first instalment of tuition fees.

Employability of graduates

15. Members urged the Administration to encourage self-financing post-secondary institutions to offer programmes that would meet the needs for trained manpower and conduct tracking study on the employability and career

development of the graduates. According to the Administration, self-financing post-secondary institutions were encouraged to work closely with the relevant sectors so that their programmes could be better oriented to meet the needs of the market. Surveys on graduates were conducted by quite a number of institutions. Many institutions also published information on the employment or articulation to higher studies of their graduates on their official websites.

Latest position

16. The Task Force will brief members on its work progress at the Panel meeting on 13 July 2018.

Relevant papers

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

Council Business Division 4
Legislative Council Secretariat
6 July 2018

List of relevant papers

Committee	Date of meeting	Paper
Panel on Education	18.3.2014 (Item IV)	Agenda Minutes
Legislative Council	9.7.2014	Official Record of Proceedings Pages 142 – 145 (Question 11)
Panel on Education	10.11.2014 (Item V)	Agenda Minutes CB(4)154/14-15(01) <i>(English version only)</i>
Legislative Council	12.11.2014	Official Record of Proceedings Pages 115 – 129 (Question 9)
Legislative Council	10.12.2014	Official Record of Proceedings Pages 71 – 74 (Question 12)
Panel on Education	7.2.2015	Agenda Minutes CB(4)548/14-15(01) CB(4)750/14-15(01) CB(4)1262/14-15(01)
Legislative Council	11.2.2015	Official Record of Proceedings Pages 11 – 27 (Question 1)
Legislative Council	14.10.2015	Official Record of Proceedings Pages 70 – 80 (Question 6)
Legislative Council	2.12.2015	Official Record of Proceedings Pages 95 – 103 (Question 14)

Committee	Date of meeting	Paper
Legislative Council	16.12.2015	Official Record of Proceedings Pages 159 – 180 (Question 18)
Legislative Council	16.3.2016	Official Record of Proceedings Pages 114 – 123 (Question 6)
Legislative Council	25.5.2016	Official Record of Proceedings Pages 113-152 (Question 6)
Legislative Council	1.6.2016	Official Record of Proceedings Pages 93-98 (Question 11)
Panel on Education	13.6.2016 (Item III)	Agenda Minutes
Panel on Education	10.7.2017 (Item II)	Agenda Minutes CB(4)1416/16-17(01)
Legislative Council	18.10.2017	Official Record of Proceedings Pages 85-88 (Question 12)
Legislative Council	10.1.2018	Official Record of Proceedings Pages 137-156 (Question 22)

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