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Panel on Education

**Updated background brief prepared by the Legislative Council Secretariat
for the meeting on 14 April 2008**

Sub-degree education

Purpose

This paper provides an updated summary of the deliberations of the Panel on Education (the Panel) on issues relating to sub-degree education.

Background

2. In his 2000 Policy Address, the Chief Executive announced the Government's commitment to enable 60% of senior secondary school leavers to have access to tertiary education by 2010. To achieve the policy target, the Administration undertook to facilitate tertiary institutions, private enterprises and other organizations to provide options other than traditional sixth form education, such as professional diploma courses, and allocate more resources by providing land and one-off loans to those institutions interested in offering such courses. The Administration also undertook to extend the scope of assistance offered to students.

3. In May 2001, the Secretary for Education and Manpower commissioned the University Grants Committee (UGC) to launch a review of higher education in Hong Kong. UGC published the review report entitled "Higher Education in Hong Kong" in March 2002 for public consultation. One of the recommendations of UGC accepted by the Executive Council was to put taught postgraduate and sub-degree programmes on a self-financing basis gradually, subject to specified exceptions.

4. In January 2006, a Steering Committee appointed by the Education and Manpower Bureau (re-organized as the Education Bureau on 1 July 2007) to review the development of the post-secondary education sector completed

Phase I of its work. The Phase I Review mainly took stock of the development of the post-secondary education sector since the announcement of the policy target stated in the 2000 Policy Address. The Phase I Review Report thrashed out the issues involved and summarized the views received.

Deliberations of the Panel

5. Over the past few years, the Panel held a series of meetings to discuss issues relating to sub-degree education. The major concerns raised by members are set out below.

Supply of and demand for sub-degree places

6. Members noted a robust development of the post-secondary education sector since the announcement of the policy target in 2000. The post-secondary education participation rate had increased from about 33% in the 2000-2001 academic year to an estimated 66% in the 2005-2006 academic year. According to the Phase I Review Report of the Steering Committee, in the 2005-2006 academic year, there were around 50 000 publicly-funded and self-financing places in the bachelor and sub-degree programmes. Of these, 32 570 were sub-degree places. As the total number of candidates sitting the Hong Kong Advanced Level Examination was 34 000 in the 2005-2006 academic year, members were concerned about the over-supply of sub-degree places.

7. According to the Administration, the supply of and demand for sub-degree places at a given time would depend on the entry requirements and the number of qualified students who wished to enrol on sub-degree courses. To meet the demand of a knowledge-based economy, the Administration considered it appropriate to provide a wider variety of post-secondary programmes and adopt the "lenient entry, stringent exit" principle so that more students could pursue post-secondary studies. The Administration also considered it appropriate to let market forces determine the supply of sub-degree places, instead of resorting to central planning.

8. Members cautioned that the continued over-supply of sub-degree places would bring about social problems generated from the dissatisfaction of sub-degree holders. These problems could hardly be resolved by a modest increase of articulation places or improvement in the provision of financial assistance to sub-degree students. Members considered it necessary to have a full picture of the supply of sub-degree places and the number of sub-degree graduates in the coming few years.

9. The Administration explained that over the past years, it had focussed its efforts and resources on promoting the development of the local self-financing post-secondary education sector in support of the policy objective to enable

60% of the senior secondary school leavers to have access to post-secondary education by 2010. The Administration would provide an update on the latest development of the sub-degree sector including the supply of and demand for sub-degree places in the Phase 2 Review report. The Administration would also formulate measures to reinforce quality assurance for sub-degree programmes in the Phase 2 Review. The Administration envisaged that with the implementation of appropriate quality assurance measures, the supply of and demand for sub-degree places would gradually attain a balance.

Self-financing of sub-degree programmes

10. One of the recommendations accepted by the Executive Council in 2001 was to put taught postgraduate and sub-degree programmes on a self-financing basis gradually, subject to specified exceptions. The exceptions were courses that required high start-up and maintenance costs or access to expensive laboratory/equipment; courses that would meet specific manpower needs; and courses that could be regarded as endangered species, i.e. courses that lacked market appeal to the providers and the students, such as pure arts and science.

11. Members noted with concern that since the implementation of the self-financing policy in the 2003-2004 academic year, around 5 800 publicly-funded places in associate degree/higher diploma programmes offered by the UGC-funded institutions had been reduced.

12. The Administration explained that under the self-financing policy, the savings recovered from the sub-degree sector would be ploughed back mainly to benefit students in the same sector through measures such as improving the package of financial assistance to students of self-financing courses. Similarly, the savings generated from phasing out publicly-funded taught post-graduate programmes would be ploughed back to the UGC sector, and a substantial part had been used to increase the provision of articulation places for sub-degree holders.

Quality of sub-degree programmes

13. Members considered it crucial to ensure the quality of post-secondary programmes, and requested the Administration to work out a quality assurance mechanism in respect of sub-degree programmes, in particular those offered by non-self-accrediting institutions.

14. According to the Administration, it had collaborated with UGC, self-accrediting institutions, the Hong Kong Council for Academic Accreditation (HKCAA) and relevant professional bodies to establish a two-tier regulatory framework for registration and accreditation of sub-degree programmes, and had maintained a register of accredited courses to serve as a guide for students. Statutory institutions with self-accrediting status had established their internal quality assurance mechanisms to accredit their

sub-degree programmes. The Heads of the Universities Committee had set up the Joint Quality Review Committee (JQRC) to oversee their self-financing programmes at sub-degree level. JQRC would conduct on-site visits and observations on the operation of individual sub-degree programmes, and evaluation on their exit standards which were currently set by institutions. JQRC aimed to establish the minimum exit standards for sub-degree programmes in the Phase 2 Review.

15. As regards sub-degree programmes offered by non-self-accrediting institutions, the Administration stressed that they had to be accredited by approved accreditation bodies such as HKCAA and statutory professional bodies. The Administration had established an accreditation grant scheme to provide one-off grants to non-self-accrediting institutions to meet the cost of academic accreditation. There was cross membership between JQRC and HKCAA to facilitate communication and the benchmarking of standards among post-secondary programmes. In the Phase I Review Report, the Steering Committee recommended a closer dialogue between HKCAA and JQRC to ensure comparability in quality and standards of programmes at the same academic level.

Articulation to undergraduate programmes

16. Members noted that as at the 2005-2006 school year, there were only 1 680 senior year publicly-funded articulation places in the UGC-funded institutions for sub-degree holders. Members considered this number grossly insufficient to meet the increasing demand of sub-degree holders for university education. Members were also concerned that the number of first-year-first-degree (FYFD) places had been maintained at 14 500 for many years without adjustment. Members called on the Administration to increase both the provision of articulation places for sub-degree holders and FYFD places to cater for the need of a knowledge-based society.

17. In the Administration's view, the provision of publicly-funded undergraduate places depended on the availability of resources, and the prioritization of education expenditure should be subject to wider discussion. The Administration had decided to create an additional 2 000 plus senior year undergraduate places by phases from the 2006-2007 to the 2010-2011 academic year. Apart from the publicly-funded undergraduate programmes, sub-degree programme graduates could pursue further education by enrolling on a variety of self-financing sub-degree, degree and post-graduate programmes offered by local and overseas tertiary institutions. As regards the request for increasing FYFD places, the Administration advised that the policy of providing 14 500 FYFD places had regard to the available resources and the admission criteria set by the UGC-funded institutions.

Support measures

For course providers

18. Members noted that assistance was provided to non-profit-making post-secondary course providers in the form of loans to support the start-up cost and land granted at a nominal premium for the construction of new post-secondary colleges. As at 31 December 2005, some \$4 billion of start-up loans had been approved; five sites had been granted for post-secondary college development; and institutions had together received some \$15 million accreditation grants.

19. Members were concerned that the need to repay the start-up loans in 10 years had driven course providers to set high tuition fees. They were given to understand that one-third of the fee income had been used to repay the start-up loans. Members noted the call of some course providers for extending the repayment period of the start-up loans to beyond 10 years.

20. The Administration pointed out that the suggestion of extending the repayment period would forgo substantial Government revenue and would be an additional subsidy to the borrower. Very strong justifications would be required to vary the existing loan terms. The Administration had examined carefully the financial position of the course providers as well as their financial plans to run the courses and repay the loans in 10 years. The Administration was confident that course providers with a long history should be financially capable of repaying the loans in 10 years. The Administration had no intention to specify how the tuition fees should be used as far as repayment of start-up loans was concerned.

21. The Administration noted members' suggestion of retaining vacated school premises for the operation of sub-degree programmes after the necessary conversion works.

Support measures for students

22. Students of accredited post-secondary programmes had access to means-tested grants, means-tested loans and non-means-tested loans. The Financial Assistance Scheme for Post-Secondary Students (FASP) provided a means-tested grant or loan to cover tuition fees for locally accredited, self-financing full time post-secondary programmes leading to a sub-degree or higher qualification. Under the Tertiary Student Finance Scheme (TSFS) which was applicable to students pursuing publicly-funded post-secondary programmes, the most needy students received full grants for both tuition fees and academic expenses, while the less needy students received partial grants for payment of tuition fees and academic expenses.

23. To address the concern of many student organizations about the disparity of treatment between students of self-financing and publicly-funded programmes, members supported the Administration's proposal to bring the means-tested grant under FASP on par with that of TSFS with effect from the 2006-2007 academic year. Members also supported the proposal to increase the ceiling for Non-means-tested Loan Scheme for Post-secondary Students (NLSPS) to cover academic expenses, in addition to tuition fees and living expenses, for those students who did not receive the maximum grant. Subject to the availability of resources, the Administration had undertaken to explore the feasibility of further improving the provision of financial assistance under FASP and TSFS.

24. To further assist needy students in pursuit of sub-degree studies, members suggested that the terms of NLSPS be revised to take account of the financial circumstances of sub-degree students, and the commencement of the calculation of interest on loans be deferred until after their completion of sub-degree courses.

25. The Administration pointed out that NLSPS was applicable to post-secondary education courses as well as other types of educational programmes. Its terms and conditions applied equally to all borrowers, and it would be difficult to defer the effective date for calculation of interest on loans provided to sub-degree students only. In view of the students' strong demand for means-tested loans and their request that loan interest be accrued after the borrower had completed the programme, the Administration might explore the feasibility of providing means-tested loans to students of self-financing sub-degree programmes.

26. In response to members' call for a review of the scope of the Continuing Education Fund (CEF) and the Quality Education Fund (QEF) with a view to providing interest-free loans to sub-degree students with outstanding academic performance to pursue undergraduate or postgraduate studies in local or overseas institutions, the Administration explained that CEF and QEF were established to cater for specific purposes under their current ambit/terms of reference. The Administration had plans to expand the scope of CEF to cover those industries which had joined the Qualifications Framework. The Administration had doubts about the feasibility of redeploying QEF, which was allocated to successful bidders on a project basis, to provide low interest loans to sub-degree students. Furthermore, there were views in the education sector that it would be more cost-effective to use the limited resources to support capable students to further their studies locally rather than overseas.

Employment opportunities

27. Members urged the Administration to promote employment opportunities for sub-degree holders in the public and private sectors. They noted that in 2005, the Administration had recruited, under civil service or

non-civil service contract terms, some 4 800 persons with qualifications at sub-degree or above levels. However, only 1 206 were sub-degree holders. Members considered that the small number of new recruits of sub-degree holders had reflected the lack of confidence in the quality of sub-degree graduates on the part of the Administration. Members called on the Administration to formulate policies to promote understanding and recognition of sub-degree qualifications in the community and to collaborate with the sub-degree sector to establish a platform to enable public access to information on all sub-degree programmes.

28. The Administration explained that the relatively small number of sub-degree holders recruited in 2005 was mainly due to the policy to freeze recruitment in the civil service in the past few years. The lifting of the recruitment freeze in 2006 would gradually improve the employment opportunities for sub-degree holders in the civil service. The Administration was well aware of the need to promote recognition of sub-degree qualifications by the community. The Administration was considering the establishment of a platform to facilitate public access to information on sub-degree providers, sub-degree programmes and students' choice of sub-degree programmes as a matter of priority.

29. The Administration also pointed out that the long-term goal should be to encourage course providers to collaborate with the business sector in curriculum design and provision of internship and employment opportunities for their students/graduates. Some major course providers had established a partnership with different industries in providing sub-degree programmes that were designed to cater for the manpower needs of the industries concerned. The Administration would continue to collaborate with course providers and employers associations to promote the acceptability of sub-degree qualifications for employment purposes.

Relevant papers

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

Relevant papers on sub-degree education

Meeting	Date of meeting	Paper
Panel on Education	13.10.2000 (Item I)	Minutes Agenda
Panel on Education	23.4.2001 (Item V)	Minutes Agenda
Legislative Council	27.6.2001	Official Record of Proceedings Pages 196 - 254 (Motion)
Legislative Council	21.11.2001	Official Record of Proceedings Pages 76 - 79 (Question)
Legislative Council	6.3.2002	Official Record of Proceedings Pages 11 - 15 (Questions)
Legislative Council	13.3.2002	Official Record of Proceedings Pages 55 - 57 (Question)
Panel on Education	26.3.2002 (Item I)	Minutes The Report on Higher Education in Hong Kong
Panel on Education	7.5.2002 (Item I)	Minutes Agenda
Panel on Education	13.5.2002 (Item V)	Minutes Agenda
Legislative Council	12.6.2002	Official Record of Proceedings Pages 83 - 155 (Motion)
Panel on Education	2.12.2002 (Item I)	Minutes Agenda
Legislative Council	11.12.2002	Official Record of Proceedings Pages 24 - 32 (Question)
Panel on Education	20.1.2003 (Item IV)	Minutes Agenda

Meeting	Date of meeting	Paper
Panel on Education	30.6.2003 (Item I)	Minutes Agenda
Legislative Council	9.7.2003	Official Record of Proceedings Pages 53 - 63 (Question)
Panel on Education	20.10.2003 (Item IV)	Minutes Agenda
Panel on Education	17.11.2003 (Item IV)	Minutes Agenda
Legislative Council	9.6.2004	Official Record of Proceedings Pages 78 - 79 (Question)
Legislative Council	3.11.2004	Official Record of Proceedings Pages 75 - 81 (Question)
Legislative Council	9.3.2005	Official Record of Proceedings Pages 77 - 83 (Question)
Legislative Council	16.11.2005	Official Record of Proceedings Pages 56 - 67 (Question)
Panel on Education	27.3.2006 (Item IV)	Minutes Agenda
Legislative Council	10.5.2006	Official Record of Proceedings Pages 86 - 91 (Questions) & 313 - 363 (Motion)
Finance Committee	19.5.2006	Minutes FCR(2006-07)9
Panel on Education	11.12.2006 (Item IV)	Minutes Agenda
Legislative Council	14.3.2007	Official Record of Proceedings Pages 25 - 34 (Question)
Legislative Council	2.5.2007	Official Record of Proceedings Pages 224 - 279 (Motion)
Legislative Council	20.6.2007	Official Record of Proceedings Pages 51 - 53 (Question)

Meeting	Date of meeting	Paper
Legislative Council	31.10.2007	Official Record of Proceedings Pages 28 - 44 (Question)
Legislative Council	21.11.2007	Official Record of Proceedings Pages 141 - 179 (Motion)

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