

**For discussion
on 1 March 2019**

Legislative Council Panel on Education

Review of Self-financing Post-secondary Education

Purpose

This paper briefs Members on the recommendations of the Task Force on Review of Self-financing Post-secondary Education (the Task Force) and the Government's follow-up actions.

Background

2. The Chief Executive announced in her 2017 Policy Address to set up several task forces to carry out in-depth reviews on eight key areas of education, amongst which self-financing post-secondary education is one. The Task Force was subsequently established in 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 the review, the Task Force had widely engaged stakeholders and conducted public consultation from June to August 2018. It had also made reference to the experience of other economies. The Task Force submitted its review report to the Government on 27 December 2018. The full report of the Task Force is enclosed at the **Annex**.

Key Observations and Recommendations of the Task Force

4. 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 publicly-funded higher

education sector, not only by providing more education opportunities, but also by injecting new perspectives and diversity in programme choices. Both the publicly-funded and self-financing post-secondary sectors should strive to deliver the mission of providing quality higher education for students and serving community needs. In formulating its recommendations, the Task Force adheres to the principles of supporting the self-financing sector's role in providing student-focused and quality-driven post-secondary education, while maintaining responsiveness to societal needs with a view to reinforcing the human resource strengths of Hong Kong.

(a) Policy Direction on the Development of the Self-financing Post-secondary Education

5. The Task Force sees merits of a parallel system whereby both the publicly-funded and self-financing sectors can thrive and be complementary to each other. The self-financing sector has the flexibility to provide additional complementary choices in post-secondary education and add diversity to the higher education sector as a whole.

6. The Task Force notes that as a consequence of student demographic decline, the post-secondary sector as a whole is approaching saturation. Self-financing institutions must try to be more strategic in their academic positioning and programme planning in order to demonstrate their unique areas of specialisations.

7. To further develop the self-financing post-secondary sector in a healthy and sustainable manner, the Task Force **affirms** that the **policy of supporting the parallel development of the publicly-funded and self-financing post-secondary education sectors** is conducive to encouraging the growth and diversity of higher education in Hong Kong. The Task Force **recommends** that there should be a **clearer differentiation between the two sectors**. At the sectoral level, the self-financing post-secondary sector needs to be “reformed” and “modernised” to operate vibrantly alongside the publicly-funded sector.

8. The Task Force also **recommends** that **the Government should have a role to foster strategic co-ordination amongst self-financing institutions** and help them identify and develop their distinct character and niche areas, through more targeted human resource forecasts and broad guidance on strategic areas of needs. Self-financing post-secondary institutions should demonstrate how their development will respond to

community needs, and how they will achieve long-term sustainability in terms of academic quality, student intake and financial viability by way of formulation and implementation of strategic plans.

(b) Support for Self-financing Post-secondary Education

9. The Task Force considers that there is room for reviewing the current support measures for self-financing institutions, which should better address the need for resources by institutions in developing new programmes requiring high start-up costs and substantive investment in hardware and facilities. The Task Force **recommends** that **the overall support for the self-financing post-secondary sector should be reviewed** to assist self-financing institutions under the reformed regulatory regime to sustain and grow. In particular, the Government may consider providing more financial support of a non-recurrent nature to facilitate improvement measures in areas such as programme and staff development or facilities upgrading with a view to enhancing teaching and learning.

10. The Task Force notes that sub-degree education has become an integral part of Hong Kong's post-secondary education system and it has considered the significant role played by the self-financing sector in the provision of sub-degree education. The Task Force sees the need for stepping up support for the self-financing sector in providing sub-degree programmes that can meet Hong Kong's human resources needs in specific areas. Specifically, the Task Force **recommends** that apart from extending the Study Subsidy Scheme for Designated Professions/Sectors to students enrolling in selected self-financing sub-degree programmes that are conducive to vocational and professional education and training in support of specific industries/sectors with pressing human resource needs, **the Government should also provide financial support to self-financing institutions for developing selective sub-degree programmes with high market relevance and high upfront investment in hardware, so as to help them take off.**

(c) Way Forward of Sub degree Education

11. The Task Force has noted the gradual shift in the role and functions of sub-degree education, i.e. the Associate Degree has become more articulation-oriented while Higher Diploma more vocationally-oriented. Taking into account the development of sub-degree education in Hong Kong so far as well as various views received during public consultation about the value of sub-degree qualifications, the Task Force **recommends**

that **the prevailing binary system of sub-degree education comprising Associate Degree and Higher Diploma qualifications should be maintained at large** based on better differentiation of the roles of the two qualifications. Taking into consideration the development hitherto and the reception of the sub-degrees by students and by the community, the positioning of the Associate Degree and Higher Diploma qualifications should be more sharply differentiated. **Associate Degree qualification should be positioned as primarily preparing students for articulation to general degree programmes; and Higher Diploma qualification should be positioned as preparing students for either immediate employment at para-professional level in relevant industries and professions, or articulation to specialised professional degree programmes.**

12. The Task Force also **recommends** that to further enhance the quality of sub-degree education, **the Government should conduct a more focused study to review and improve the structure and curriculum of Associate Degree and Higher Diploma education** to reflect their respective refined positioning within the higher education sector in Hong Kong. Higher Diploma education should be reinvigorated with stepped-up Government support measures as Higher Diploma education is able to generate appropriately trained human resources needed by many industries.

13. The Task Force considers that when operators have suitably enhanced the structure and curriculum of Associate Degree and Higher Diploma qualifications, it will be opportune for the Government to revisit the positioning and value of these two sub-degree qualifications with a view to ensuring they will continue to serve their purposes and contribute to the development of Hong Kong's higher education.

(d) Regulatory Framework for Self-financing Institutions

14. The Task Force notes that one major anomaly in the present regulatory system is the lack of a uniform regulatory framework at both the institutional and programme levels. Operators of self-financing post-secondary programmes are subject to different regulatory requirements under different legal regimes¹. The Task Force also recognises that the

¹ For most independent self-financing institutions, especially those degree-awarding institutions, the main regulatory framework is the Post Secondary Colleges Ordinance (Cap. 320), which, together with the Post Secondary Colleges Regulations (Cap. 320A), governs the registration and operation of post-secondary colleges and their consequent exemption from the provisions of the Education Ordinance (Cap. 279). Subvented institutions

current regulatory framework under the Post Secondary Colleges Ordinance (Cap. 320) requires updating and review, in particular, regulation for institutions registered under Cap. 320 in contemporary settings has lagged behind in comparison with other ordinances that govern statutory universities/institutions.

15. The Task Force has the following **recommendations** regarding the regulatory framework for the sector –

- (i) **Cap. 320 should be comprehensively reviewed and updated**, making reference to comparable provisions in the statutes governing publicly-funded universities and in tandem with the academic and institutional governance expected of a modern higher education institution;
- (ii) Institutions providing self-financing programmes at sub-degree and undergraduate (including top-up degree) levels, including the self-financing arms of publicly-funded institutions, as well as institutions under the Education Ordinance (Cap. 279), should **come under a unified regulatory regime for the entire self-financing post-secondary education sector** to promote coherence in quality assurance, governance, positioning and overall coordination of the sector which will be conducive to the healthy and sustainable development of the private higher education sector as a whole. The Government should encourage the development of self-financing institutions by providing **targeted support to those operating under the remit of the reformed regulatory regime**.
- (iii) In view of the historical background of the provision of post-secondary self-financing programmes by publicly-funded institutions, **the Government should adopt a pragmatic approach for migration of the relevant self-financing arms of these institutions to the new unified regime under Cap. 320** by supporting and facilitating the process, having regard to any possible impact on students and teachers, and flexibly addressing their concerns over linkage with the parent institution and academic accreditation.

including University Grants Committee-funded universities and the Vocational Training Council are governed by their own enabling ordinances but some of them are offering self-financing programmes through their self-financing arms.

- (iv) **The role and functions of the Committee on Self-financing Post-secondary Education (CSPE) should be strengthened** with a view to providing strategic and policy advice on the development of the self-financing sector, including advice on measures to promote, facilitate and coordinate such development in terms of scope of operation, quality and governance.

Initial Views and First-stage Follow-up Actions of the Government

16. The Government is grateful to the Task Force for the thorough study. We are studying the recommendations in detail. Our initial views and first-stage follow-up actions are –

Regarding regulation of the sector

- (a) We agree that there is a need to review and update Cap. 320 so that the self-financing post-secondary education institutions in Hong Kong are required to achieve the academic and institutional governance expected of a modern higher education institution. The Education Bureau plans to commence a review of Cap. 320 in 2019 and formulate a set of legislative amendment proposal in consultation with the sector and stakeholders.

Regarding the future development of the sector

- (b) We agree that it is necessary to seek more advice from outside the Administration on the future development of the sector. The CSPE, the majority of members of which are non-officials, can be given a larger role and more functions to advise the Government on issues relating to the direction of self-financing institutions' development, including offering advice on quality enhancement and strategic coordination of their development of niche areas, as well as the provision of support for the sector.
- (c) We also agree that the self-financing sector needs to be reformed to operate vibrantly alongside the publicly-funded sector. In this regard, we will work with the Hong Kong Council for Accreditation of Academic and Vocational Qualifications to review its accreditation standards and practices, making reference to those of the publicly-funded sector, so that the self-financing sector is able to maintain a quality comparable to that of the

public-funded sector and contribute to the vibrant development of Hong Kong's higher education.

Advice Sought

17. Members are invited to note the report of the Task Force.

Education Bureau
February 2019



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

Review Report “Parallel Development, Promoting Diversity”

December 2018



Introduction

Background

Since the Government's announcement in the 2000 Policy Address to increase 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 "parallel development" of the publicly-funded and self-financing post-secondary education sectors².

2. Prior to this review, the Government has conducted three major policy reviews since 2000 that were relevant to or focused on the provision of self-financing post-secondary education in Hong Kong. The University Grants Committee (UGC) published two review reports in 2002 and 2010 respectively which took a comprehensive look at the local post-secondary education landscape, including the sphere outside the UGC-funded sector³. In the interim of the two UGC reviews, the then Education and Manpower Bureau also carried out a two-phase exercise from 2005 to 2008 to revisit the overall policy on self-financing post-secondary education. Most of the recommendations from the previous reviews had been implemented in support of the policy for parallel

¹ Self-financing post-secondary sector includes 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 locally-accredited programmes at sub-degree (including Higher Diploma and Associate Degree) and/or undergraduate programmes.

² "Post-secondary education" is sometimes also referred to as "higher education". Because of the existence of the Post Secondary Colleges Ordinance (Cap. 320) under which many self-financing post-secondary institutions are now registered in Hong Kong, we will use both terms as appropriate in the context of this Report.

³ Publicly-funded universities are funded via the UGC. A few publicly-funded institutions such as the Hong Kong Academy of Performing Arts and the Vocational Training Council are funded directly by the Government.

development of both the publicly-funded sector and the self-financing sector. In line with this policy a number of financial and administrative measures have been introduced by the Government over the years 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.

3. During the past 18 years, the self-financing sector has grown 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% at degree-level. There are now about 150 and 300 self-financing post-secondary programmes at undergraduate level and sub-degree level respectively, compared to around 40 and 230 respectively in 2005/06. These programmes are operated by the 10 degree-awarding self-financing institutions registered under the Post Secondary Colleges Ordinance (Cap. 320), The Open University of Hong Kong (OUHK), the Vocational Training Council (VTC), the eight UGC-funded universities and/or their self-financing arms, and other post-secondary institutions registered under the Education Ordinance (Cap. 279) or other relevant legislation.

4. Some limitations and drawbacks are observed after nearly two decades of rapid development of the sector, notably relating to the 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 some self-financing post-secondary programmes in respect of their design, delivery and recognition. 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, mainly the UGC-funded universities. Besides, the post-secondary sector as a whole has reached a level of saturation when we compare the supply of and demand for sub-degree and undergraduate programmes. While there are about 9 100 and 21 000 self-financing first-year places at undergraduate and sub-degree levels respectively, in addition to some 26 000 publicly-funded undergraduate and sub-degree first-year places, making a total supply of 56 100 first-year intake places, the number of secondary school graduates is projected to drop from 51 200 in 2017 to 43 300 in 2022. This would pose a great

challenge to the post-secondary sector, in particular those self-financing institutions whose sustainability primarily depends on student recruitment. We have come to a stage where critical steps need to be taken to map out a more strategic development path for our post-secondary education provision, so as to fully realise the Government's "parallel development" policy.

5. Against the above background, there are calls from the community for a review of the operation of our self-financing post-secondary education sector, including its role and positioning in higher education, the way forward of sub-degree education, and the regulatory framework for the sector, etc.

6. 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. The Task Force on Review of Self-financing Post-secondary Education (the Task Force) was subsequently set up in October 2017. The composition and terms of reference of the Task Force are set out at **Annex A**.

Principles and Approach

7. 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 generation of social benefits, as well as in unleashing the full potential of students. As Hong Kong aspires to excel as a knowledge society, it is important for the Government to support the nurture of talent and creation of new knowledge through investment in education to meet changing human resource 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.

8. Unlike any commercial services/commodities, 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 should have an enhanced role over both sectors to ensure quality and their healthy and sustainable development, while at the same time respecting market demand and institutional autonomy.

9. The Government's active promotion of self-financing post-secondary education originated from the 2000 Education Reform, which called for more private organisations to participate in higher education as doing so would provide *"a channel for all sectors of the society to contribute resources and efforts to higher education, as a result of which more students will stand to benefit."*⁴. This was in line with the international trend. It is a common feature in many places, such as the United States, Japan and Korea, for private organisations to participate in the provision of higher education. In Hong Kong, we have witnessed how the participation of private organisations in the self-financing post-secondary education sector over the past decade helped groom some institutions with distinct character and linkages with the business or social service sectors, providing students and graduates with dedicated exposure to and career opportunities in the industries/fields concerned. The extension of the Government's Matching Grant Scheme (originally launched for UGC-funded universities only) to self-financing post-secondary institutions in 2008 has enabled them to tap over \$1.6 billion private donations so far, strengthening the contribution of private resources in the provision of higher education.

10. 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 publicly-funded higher education sector, not only by providing more education opportunities, but also by injecting new perspectives and diversity in programme choices. In some cases the UGC-funded sector, driven by the policy direction for the development of publicly-funded higher education, will inevitably be subject to certain constraints and rigidities arising from the mode of operation of publicly-funded universities. In contrast, the self-financing sector can more flexibly respond to new development and the needs of the higher education sector and maintain industry relevance of their

⁴ Education Commission, *Reform Proposals for the Education System in Hong Kong*, September 2000, paragraph 8.4.44.

programmes. Both sectors should strive to deliver the mission of providing quality higher education for students and serving community needs.

11. In formulating its recommendations, the Task Force adheres to the principle of supporting the sector's role in providing student-focused and quality-driven post-secondary education, while maintaining responsiveness to societal needs with a view to reinforcing the human resource strengths of Hong Kong. It adopts a holistic approach to the present review giving due consideration to the need for the balanced and sustainable development of the two sectors within our education ecosystem, while identifying viable goals and strategies for the consolidation and further development of self-financing post-secondary education in an increasingly diverse and, to some extent, competitive landscape.

Conduct of Review

12. Over the last year, the Task Force has looked into the following issues –

- (a) Developments in the self-financing post-secondary education sector;
- (b) Role of the self-financing post-secondary education sector;
- (c) Regulatory regime and support for the self-financing post-secondary education sector; and
- (d) Future of sub-degree education.

13. During the course of its deliberations, the Task Force has made reference to the experience of some other economies and taken into account the views of various stakeholders. At the initial stage of discussion, the Task Force had invited written submissions from stakeholders on the key issues pertinent to the development of the sector. More than 50 submissions were received by the end of February 2018. The Task Force also conducted other activities including visits to some self-financing post-

secondary institutions, meetings with the heads of relevant organisations/institutions, and engaging external consultants to conduct focus group interviews with stakeholders. The feedback received through these engagement activities has provided very useful input to the review and enabled the Task Force to consider the issues under review in a comprehensive manner before coming up with a consultation document.

14. The Task Force published its consultation document on 25 June 2018 to consult members of the public on its initial observations and suggestions. During the consultation period, the Task Force conducted various engagement activities, including briefings for the Legislative Council Panel on Education, the Education Commission and the Committee on Self-financing Post-secondary Education (CSPE); as well as consultation sessions/meetings with key stakeholders, including the post-secondary sector, secondary school sector, professional bodies, youth groups, think tanks and some education concern groups, etc. More than 50 organisations attended the consultation sessions and about 80 written submissions were received during the two-month consultation period ending on 31 August 2018.

15. With the benefit of further views gathered during the consultation period, and after in-depth deliberations, the Task Force has finalised this review report and hereby makes its specific recommendations to the Government for consideration.

Table of Contents

	Introduction	2
	Table of Contents	8
	Abbreviations and Glossary	10
	Executive Summary and List of Recommendations	12
Chapter One	Current Landscape of Self-financing Post-secondary Education in Hong Kong	18
Chapter Two	Present Support for and Regulation of the Self-financing Post-secondary Sector	27
Chapter Three	Public Engagement and Practices in Other Economies	41
Chapter Four	Enhancing Policy on the Development of Self-financing Post-secondary Education	47
Chapter Five	Support for Self-financing Post-secondary Education	57
Chapter Six	Regulatory Framework for Self-financing Institutions	67
Annex A	Task Force on Review of Self-financing Post-secondary Education – Membership and Terms of Reference	81

Annex B	Institutions Providing Full-time Locally-accredited Sub-degree and Undergraduate Programmes in Hong Kong	82
Annex C	Graduate statistics of full-time sub-degree graduates since the 2004/05 academic year	85
Annex D	Key Initial Observations of the Task Force in its Consultation Document	86
Annex E	List of Respondents to the Consultation Document	89
Annex F	Statistics on Supply for and Demand of Post-secondary Education	93

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
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
IR	Institutional Review
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
QF	Qualifications Framework
SCAD	SCAD Foundation (Hong Kong) Limited / Savannah College of Art and Design, Inc
SPEF	Self-financing Post-secondary Education Fund
SSSDP	Study Subsidy Scheme for Designated Professions/Sectors

the Government	The Government of the Hong Kong Special Administrative Region
the Task Force	Task Force on Review of Self-financing Post-secondary Education
UGC	University Grants Committee
VTC	Vocational Training Council

Executive Summary and List of Recommendations

The Task Force has taken a historical, holistic and international perspective in its deliberations for the present review. Having reviewed the past development of higher education and the implementation of various policies and measures to support the development of the self-financing sector, the Task Force has revisited the role played by the self-financing sector in the overall higher education landscape in Hong Kong. It has also made reference to the development and latest position of higher 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 better gauging the global trends in private higher education.

2. The Task Force sees merits of a parallel system whereby both the publicly-funded and self-financing sectors can thrive and be complementary to each other. The self-financing sector should maintain the flexibility to provide additional complementary programme choices in undergraduate and sub-degree education and add diversity to the higher education sector as a whole in support of social and economic advancement in Hong Kong.

3. As higher education has expanded over the past two decades to provide our younger generation more opportunities to access post-secondary education nowadays, the Task Force considers that our goal should shift from increasing quantity to enhancing quality. In particular, the “quality issue” as perceived by the general public, including many parents and students, casts uncertainty over the long-term prospect of the self-financing sector within the higher education landscape. One key aspect of quality enhancement is the socio-economic relevance of self-financing post-secondary education, including sub-degree education, which either nurtures industry-specific talent (as in Higher Diploma / HD programmes) or enriches students’ generic academic foundation (as in Associate Degree / AD programmes).

4. Self-financing education is by nature market-driven; this inherent trait makes it more responsive to (or dependent on) market needs. The Task Force notes that development in the last decade has shown that only those institutions that clearly identify socio-economic needs and then deliver swiftly in response can grow and consolidate. To promote the sector's healthy growth and sustainable development amidst keen competition in the higher education arena, it is necessary for the Government to be a more proactive facilitator so that more providers of self-financing post-secondary education understand the macro perspective and in turn are able to identify areas that each of them can contribute to, under the notion of "strategic coordination". The Task Force has looked into ways to strengthen support for the self-financing sector and help institutions more sharply identify their strengths and niche areas.

5. Furthermore, the Task Force has considered the significant role played by the self-financing sector in the provision of sub-degree education, which has become an integral part of Hong Kong's higher education. The Task Force has noted the gradual shift in the role and functions of sub-degree education, i.e. AD has become more articulation-oriented⁵ while HD more vocationally-oriented. It sees the need for stepping up support for self-financing institutions in providing sub-degree programmes that can meet Hong Kong's human resources needs in specific areas. Corresponding financial support should be provided to students enrolled in those relevant sub-degree programmes.

6. To better support the sustainable development of the self-financing sector, the Task Force has examined the current regulatory regime and observed that it will need to be reformed and modernised to enable those in the sector to evolve into mature private institutions exhibiting the academic and institutional governance expected of modern higher education institutions. Bearing in mind the characteristics of self-financing education, the developments hitherto and the prospect of self-financing post-secondary education, the Task Force has formulated a number of recommendations as listed below. The ensuing chapters

⁵ That is, articulation to first-degree programmes

elaborate the Task Force's thinking behind these recommendations which have to be read and understood within the context they are made.

List of recommendations

- I. The policy of supporting the parallel development of the publicly-funded and self-financing post-secondary education sectors is conducive to encouraging the growth and diversity of higher education in Hong Kong. There should be a clearer differentiation between the two sectors. At the sectoral level, the self-financing post-secondary sector needs to be “reformed” and “modernised” to operate vibrantly alongside the publicly-funded sector.
- II. The Government has a role to foster strategic co-ordination amongst self-financing institutions and help them identify and develop their distinct character and niche areas, through more targeted human resource forecasts and broad guidance on strategic areas of needs. Self-financing post-secondary institutions should demonstrate how their development will respond to community needs, and how they will achieve long-term sustainability in terms of academic quality, student intake and financial viability by way of formulation and implementation of strategic plans.
- III. The role and functions of the Committee on Self-financing Post-secondary Education should be strengthened with a view to providing strategic and policy advice on the development of the self-financing sector, including advice on measures to promote, facilitate and coordinate such development in terms of scope of operation, quality and governance.
- IV. The overall support for the self-financing post-secondary sector should be reviewed to assist self-financing institutions under the reformed regulatory regime to sustain and grow. In particular, the Government may consider providing more financial support of a non-recurrent nature to facilitate improvement measures in areas such as programme and staff development or facilities upgrading with a view to enhancing teaching and learning.
- V. The prevailing binary system of sub-degree education comprising Associate Degree and Higher Diploma qualifications should be

maintained at large based on better differentiation of the roles of the two qualifications.

- VI. Apart from extending the Study Subsidy Scheme for Designated Professions/Sectors to students enrolling in selected self-financing sub-degree programmes that are conducive to vocational and professional education and training in support of specific industries/sectors with pressing human resource needs, the Government should also provide financial support to self-financing institutions for developing selective sub-degree programmes with high market relevance and high upfront investment in hardware, so as to help them take off.
- VII. Taking into consideration the development hitherto and the reception of the sub-degrees by students and by the community, the positioning of the Associate Degree and Higher Diploma qualifications should be more sharply differentiated. Associate Degree qualification should be positioned as primarily preparing students for articulation to general degree programmes; and Higher Diploma qualification should be positioned as preparing students for either immediate employment at para-professional level in relevant industries and professions, or articulation to specialised professional degree programmes.
- VIII. To further enhance the quality of sub-degree education, the Government should conduct a more focused study to review and improve the structure and curriculum of Associate Degree and Higher Diploma education to reflect their respective refined positioning within the higher education sector in Hong Kong. Higher Diploma education should be reinvigorated with stepped-up Government support measures as Higher Diploma education is able to generate appropriately trained human resources needed by many industries.
- IX. The Post Secondary Colleges Ordinance (Cap. 320) should be comprehensively reviewed and updated, making reference to comparable provisions in the statutes governing publicly-funded

universities and in tandem with the academic and institutional governance expected of a modern higher education institution.

- X. The regulatory regime for the self-financing sector should be reformed to enable self-financing institutions to evolve into mature and established private post-secondary education institutions by rationalising the arrangements in respect of academic structure, strategic planning, programme development, quality assurance and governance, etc. The applicable accreditation processes and criteria should be reviewed to better complement efforts aimed at quality assurance and competency.
- XI. A clear policy underpinned by a fair and transparent mechanism (through either legislative or administrative arrangements) should be formulated such that operators whose development and institutional capabilities fall short of their original plan and prescribed standards after a reasonably long trial period – such as serious shortfalls in teaching and learning, teaching capacity, and programme delivery – 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.
- XII. Institutions providing self-financing programmes at sub-degree and undergraduate (including top-up degree) levels, including the self-financing arms of publicly-funded institutions, as well as institutions under the Education Ordinance (Cap. 279), should come under a unified regulatory regime for the entire self-financing post-secondary education sector to promote coherence in quality assurance, governance, positioning and overall coordination of the sector which will be conducive to the healthy and sustainable development of the private higher education sector as a whole. The Government should encourage the development of self-financing institutions by providing targeted support to those operating under the remit of the reformed regulatory regime.
- XIII. In view of the historical background of the provision of post-secondary self-financing programmes by publicly-funded institutions, the Government should adopt a pragmatic approach for

migration of the relevant self-financing arms of these institutions to the new unified regime under the Post Secondary Colleges Ordinance (Cap. 320) by supporting and facilitating the process, having regard to any possible impact on students and teachers, and flexibly addressing their concerns over linkage with the parent institution and academic accreditation.

Chapter One

Current Landscape of 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/loans⁶. The total number of student intake quotas to full-time first-year-first-degree (FYFD) programmes increased from around 15 000 in 2001/02 to around 24 000 in 2017/18; and from around 13 000 to 32 000 to full-time sub-degree programmes during the same period. Such expansion in sub-degree and undergraduate education opportunities has mainly taken place in the self-financing sector.

1.2 In 2000, degree-level education was predominantly provided by the eight institutions publicly funded through the UGC. Altogether they provided 14 500 subsidised full-time undergraduate programme places⁷. The number of degree-awarding institutions has since reached 21 in 2018,

⁶ Self-financing institutions do not receive any recurrent subvention from the Government.

⁷ The Hong Kong Academy for Performing Arts (HKAPA) is another degree-awarding institution receiving 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.

including 12 self-financing local degree-awarding institutions⁸. Out of all 24 000 full-time FYFD programme places in the 2017/18 academic year, about one-third were provided by self-financing institutions.

1.3 Post-secondary education also comprises a vibrant sub-degree sector (i.e. HD and AD programmes). Prior to 2000, sub-degree education was primarily in the form of HD programmes. In response to the call in the 2000 Policy Address for increasing post-secondary education opportunities, a new qualification of AD was introduced to Hong Kong. Since then, sub-degree education has experienced significant growth in the number of both providers and students. Specifically, in 2000 only a few UGC-funded institutions and the VTC were offering less than 10 000 sub-degree programme places, mostly subvented; by 2017 there were about 20 such providers with about 34 000 intake places (22 100 HD intake places and 12 000 AD places), among which almost two-thirds were provided by self-financing institutions.

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 programmes⁹. The number of new actual intakes to top-up degrees rose from 4 100 in 2008/09 to 12 800 in 2017/18, about 8 000 (63%) of them were admitted to self-financing programmes. Statistics show that in recent years around 80% of AD students and around 40% of HD students pursued an undergraduate degree upon graduation.

⁸ Including Caritas Institute of Higher Education, Centennial College, Chu Hai College of Higher Education, Gratia Christian College, HKCT Institute of Higher Education, Hang Seng University of Hong Kong, 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, Tung Wah College, and Yew Chung College of Early Childhood Education.

⁹ Generally known as “senior-year entry” in the UGC-funded sector, usually Year 3 entry to a four-year undergraduate programme.

1.5 Given the above development, the 60% post-secondary education participation rate¹⁰ was achieved within only five years after 2001, and the rate hit 70% in the 2015/16 academic year, including 45% at degree-level. The participation rate is expected to rise gradually in the coming years.

1.6 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 in the periods concerned. **Annex B** provides a list of current providers of post-secondary programmes.

Table 1.1: Intake capacity of institutions providing self-financing sub-degree and/or undergraduate programmes

Intake capacity (number of full-time students)	No. of Institutions		
	2016/17	2017/18	2018/19
Below 100	2	3	3
100 - 499	10	9	9
500 - 999	4	5	6
1000 - 1999	5	6	5
2000 - 3999	7	4	3
4000 and above	0	1	2
Total	28	28	28

1.7 It is worth noting that those 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. Most of them have been providing self-financing sub-degree programmes, especially AD, for historical reasons. Among them, the City University of Hong Kong (CityU) and the Polytechnic University of Hong Kong (PolyU) had an enrolment of about 6 000 and 9 000 sub-degree students respectively in 2017/18. They also operate a number of self-

¹⁰ 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).

financing local or non-local top-up degree programmes, providing ample articulation opportunities for their sub-degree graduates.

1.8 Other self-financing institutions differ in terms of scale and student population as well as in the scope and development of academic programmes, as summarised below –

- (a) **The Open University of Hong Kong (OUHK)** was established by the Government by statute in 1989 as the Open Learning Institute of Hong Kong to be a main provider of distance-learning degree programmes for working adults. It was granted university title in 1997 and enjoys self-accrediting status. In 2001, OUHK introduced its first batch of 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;
- (b) **The Vocational Training Council (VTC)** was established by the Government by statute in 1982, mainly to provide vocational training in the form of diploma programmes. Apart from subvented HD programmes, it also offers self-financing HD programmes through its Hong Kong Institute of Vocational Education and Hong Kong Design Institute, enrolling over 4 000 students. VTC established the School for Higher and Professional Education (SHAPE) in 2003 and the Technological and Higher Education Institute (THEi) in 2012. SHAPE specialises in non-local top-up degree programmes and THEi offers self-financing local undergraduate (including top-up degree) programmes that are vocationally and professionally oriented. There are nearly 5 000 students in these two VTC institutions;
- (c) Ten **privately-run institutions registered under the Post Secondary Colleges Ordinance (Cap. 320)** are now primarily devoted to degree education. Altogether they house about 14 000 sub-degree and undergraduate students. They differ in their level of development and could be generally categorised into three groups –

Private universities

- (i) Hong Kong Shue Yan University 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, the University operated 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;
- (ii) The Hang Seng University of Hong Kong has been registered under Cap. 320 since 2010 and operated 17 degree programmes in 2017/18 with about 4 900 students in total. It was known as Hang Seng Management College before acquiring university title in October 2018;

Institutions established before 2012

- (iii) Caritas Institute of Higher Education, formerly Caritas Francis Hsu College, has been registered under Cap. 320 since 2001 and operated one HD and five undergraduate programmes in 2017/18, with about 1 500 students in total;
- (iv) Chu Hai College of Higher Education has been registered under Cap. 320 since 2004 and offered 17 degree programmes in 2017/18 with about 900 students in total;
- (v) Tung Wah College has been registered under Cap. 320 since 2011 and operated five sub-degree and 10 undergraduate programmes in 2017/18 with about 2 500 students in total; and

Institutions established in and after 2012

- (vi) The other five Cap. 320 institutions are Centennial College, Gratia Christian College, HKCT Institute of Higher Education, Hong Kong Nang Yan College of Higher Education, and Yew Chung College of Early Childhood Education. Each of them operates no more than five degree programmes and enrolls about 200 students or less; and

- (d) Six **privately-run institutions registered under the Education Ordinance (Cap. 279)**¹¹ now 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 1 700 students. The Hong Kong Institute of Technology (HKIT) is the only institution in this category that also offers non-local degree programmes. Together with students in its sub-degree programmes, HKIT enrolls about 700 students in total.

1.9 In addition, there are two other private providers of locally-accredited post-secondary programmes that are not registered under the above ordinances, namely Hong Kong Art School (HKAS)¹² and SCAD Foundation (Hong Kong) Limited / Savannah College of Art and Design, Inc.¹³. HKAS operates one HD programme and one non-local undergraduate programme in fine art, and enrolls about 170 students. SCAD operates a number of non-local undergraduate programmes in art and design and enrolls about 600 students. Institutions offering non-local post-secondary programmes only are not required to register under Cap. 279 or Cap. 320. Instead, they are required to register their non-local programmes under the Non-local Higher and Professional Education (Regulation) Ordinance (Cap. 493). Although SCAD is one of the many non-local programme operators in Hong Kong, it is mentioned in this Report because it is currently the only sole non-local programme operator that has its undergraduate programmes accredited locally. For HKAS, it is a subsidiary of a statutory body, namely the Hong Kong Arts Centre, thus HKAS has not been required to register under Cap. 279 or Cap. 320.

1.10 Most self-financing institutions' programme funding mainly comes from tuition fees and donations, and they charge an annual tuition fee within some \$70,000 to \$130,000 on average for undergraduate

¹¹ 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, and YMCA College of Careers.

¹² HKAS is a division of the Hong Kong Arts Centre, established under the Hong Kong Arts Centre Ordinance (Cap. 304)

¹³ 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).

programmes. In comparison, for subsidised undergraduate programmes operated by UGC-funded universities, apart from government grant which is the primary source¹⁴, universities also have other sources of funding including tuition fees, donations and other research funding etc. The annual average student unit cost of UGC-funded undergraduate programmes (excluding medical and dentistry programmes) ranged between some \$180,000 and \$290,000 in 2017/18¹⁵. While the UGC-funded undergraduate programmes charge students at a standard rate of \$42,100 a year for tuition, the actual tuition fee borne by eligible students enrolling in most self-financing undergraduate programmes now ranges from some \$20,000 to \$60,000 a year upon the introduction of Government subsidy schemes in recent years (see Chapter Two paragraph 2.2 (g) and (h)).

Sub-degree Education

1.11 “Sub-degree” education in Hong Kong embraces two different credentials, namely HD of a vocational career-oriented character, and AD which is of a relatively more general study nature. As stipulated in the *Common Descriptors for Associate Degree and Higher Diploma Programmes under the New Academic Structure* promulgated by the Education Bureau (EDB), the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ), and the Joint Quality Review Committee in 2010, AD and HD are both worthwhile standalone sub-degree qualifications that prepare students for both further studies and initial employment. While AD and HD are of equal standing in terms of qualifications level, i.e. Level 4 of the Hong Kong Qualifications Framework, their curricula are characterised by different

¹⁴ The bulk of the Government subvention to the eight UGC-funded universities is in the form of a block grant which provides for a one-line allocation of resources for a funding period (usually a triennium). The basis for calculating the amount of block grant to the sector as a whole comprises three elements – (a) teaching (about 75%); (b) research (about 23%); and (c) professional activity (about 2%). Once allocations are approved, universities have autonomy in determining the best use of the resources vested in them.

¹⁵ The average student unit costs of UGC-funded programmes are based on the actual costs reported by universities. These actual costs are not solely covered by UGC funding. Universities may use other resources including income from tuition fees, donations and other research funding etc.

proportions of generic and specialised content – an HD programme should have at least 60% of curriculum consisting of specialised content (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 content (e.g. language, IT, general education, etc.).

1.12 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 human resource requirements of specific industries. Hence, the programme content was largely vocationally-oriented and profession-specific.

1.13 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 has been a more common sub-degree qualification in the United Kingdom and British Commonwealth countries.

1.14 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 newly-established self-financing arms. In 2000, there were less than 10 000 sub-degree programme intake places available from a handful of operators; in 2018 there are about 20 institutions providing over 30 000 programme intake places. Two-thirds of all sub-degree programme intake places are now self-financing.

1.15 VTC is the main provider of subvented sub-degree programmes (all being HD programmes), with an annual intake of about 9 000 now. It also operates self-financing HD programmes. On the other hand, about 95% of nearly 22 000 students in AD programmes are enrolled at the self-financing arms of UGC-funded universities, which, together with VTC, also accommodate about 80% of some 37 000 students in HD programmes regardless of funding mode.

1.16 The demand for sub-degree education has enlivened the post-secondary education sector in the past decade and provided additional articulation opportunities for secondary school leavers through the promotion of multiple pathways. **Annex C** shows the number of sub-degree graduates since 2004/05 and their exit statistics. According to statistics, more HD graduates take up employment upon graduation as compared to AD graduates, a majority of the latter opting for further studies.

Issues of Concern

1.17 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 providers and newcomers in the sector. Looking ahead, the sector will not only need to deal with significant changes in student demographics; there are also limitations and challenges which may be constraining and affecting the further development of the sector. The Task Force has examined the ensuing key areas during the review in order to come up with policy and strategic directions to promote a healthy and sustainable development of the sector in the coming era –

- (a) role of the self-financing post-secondary education sector;
- (b) ways to improve the current landscape of the self-financing sector to enable it to make the fullest contribution to the entire post-secondary education system;
- (c) the Government's role in facilitating and regulating the future development of the self-financing sector, in terms of quality assurance, financial viability and governance; and
- (d) the way forward of sub-degree education.

Chapter Two

Present Support for and Regulation of the Self-financing Post-secondary Sector

2.1 Higher education 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 to provide quality programmes, hence the Government's current policy oversight of the institutions focuses on ensuring their transparency of operation, quality assurance (QA) and good governance. Where public funds are involved as in the support measures, appropriate mechanism is devised under the principle of reasonableness and proportionality to ensure that resources are put to intended use in a prudent manner.

Support Measures

2.2 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 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 sector, the Government has implemented, over the years, a host of measures to provide direct support to institutions, as well as subsidies for students 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, the reprovisioning of existing premises operating in sub-optimal environment and the enhancement of teaching and learning facilities. Of the total commitment of \$9 billion, 40 loans amounting to \$7.7 billion had been approved for 18 institutions as at November 2018. Moreover, the ambit of the Scheme has been extended since 2012 to support the development of student hostels;
- (c) **Self-financing Post-secondary Education Fund (SPEF)** – Since its establishment in 2011, the Fund has received a total Government injection of \$3.52 billion. Investment returns of the Fund are used to (i) provide scholarships and awards under the Self-financing Post-secondary Education Scholarship Scheme 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 to enhance the quality of self-financing post-secondary education. To date, over 21 000 students have been granted awards/scholarships and over 50 projects have been approved; nearly \$600 million has been provided under the Fund to benefit the sector. The SPEF Steering Committee advises the Government on the policies and implementation of the initiatives for the Fund;
- (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 announced in her 2017 Policy Address to inject \$1.2 billion into the QF Fund to also support 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, by providing public funds to match private donations secured by the institutions subject to specified criteria. Self-financing degree-awarding institutions started to join MGS in the fourth round in 2008. The 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 \$5 billion to this UGC-administered Fund in 2012, of which \$3 billion was earmarked 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. So far five rounds of allocation exercises have been completed with a total committed grant of about \$360 million;

For students

- (g) **Study Subsidy Scheme for Designated Professions/Sectors (SSSDP)**¹⁶ – 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 human resource demand such as healthcare, creative industries, etc. Each student can receive up to about \$70,000 (for laboratory-based programmes) or \$40,000 (for other programmes) each year as tuition fee subsidy. After three

¹⁶ SSSDP and NMTSS are not applicable to UGC-funded universities or their self-financing arms because the Government has been conscious in providing more targeted support to independent self-financing institutions and their students in recent years under the principle of promoting parallel development.

cohorts of pilot run, SSSDP has been regularised since the 2018/19 academic year with an increase in subsidised quota to about 3 000 places per cohort¹⁷. Eligible continuing students of selected programmes can also claim the subsidy under the recurrent Scheme. It has been announced in the 2018 Policy Address that scope of the Scheme will be expanded starting from the 2019/20 academic year to benefit about 2 000 students per cohort enrolling in selected sub-degree programmes;

- (h) **Non-means-Tested Subsidy Scheme for Self-financing Undergraduate Studies (NMTSS)**¹⁶ – Starting from the 2017/18 academic year, a non-means-tested annual subsidy of about \$30,000 has been 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); and
- (i) **Student finance** – The Working Family and Student Financial Assistance Agency provides both means-tested and non-means-tested financial assistance to students in the self-financing post-secondary sector. The Financial Assistance Scheme for Post-secondary Students was first introduced in 2001. It was 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 non-means-tested low-interest loans, at a level comparable to their counterparts in the publicly-funded programmes. In the 2017/18 academic year, the grants and loans provided to self-financing post-secondary students under the Scheme amounted to \$880 million and \$170 million respectively, benefitting about 25% of the students.

2.3 In tandem with the rapid development of the self-financing post-secondary sector since 2000, there has been a growing demand by students

¹⁷ There are about 9 000 eligible full-time self-financing undergraduate programme places. Students enrolled in the rest of the programme places may apply for NMTSS if they meet the eligibility criteria.

and the public at large for access to more information about the sector. The EDB and 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 by 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 to plan their 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 transparency and accountability;
- (b) **Code of Good Practices on Governance and Quality Assurance for Self-financing Post-secondary Education Sector** – The CSPE promulgated this 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 undertaken by the HKCAAVQ on sector-wide implementation of the Code was completed in October 2017, which showed a high level of compliance across the sector after one year of implementation; and
- (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 and refund of enrolment deposits and tuition fees, under the coordination of the EDB.

Regulatory framework for the self-financing post-secondary institutions

2.4 To recap, self-financing post-secondary institutions can be categorised based on their respective statutory regimes as follows –

- (a) approved post-secondary colleges registered under the Post Secondary Colleges Ordinance (Cap. 320), and other institutions established by statute that are operating on a self-financing basis;
- (b) institutions registered under the Education Ordinance (Cap. 279) and providing self-financing locally-accredited post-secondary programmes;
- (c) institutions providing self-financing locally-accredited non-local programmes which are subject to the Non-local Higher and Professional Education (Regulation) Ordinance (Cap. 493) in respect of their non-local programmes¹⁸; and
- (d) publicly-funded institutions that offer self-financing post-secondary programmes through their institution proper or self-financing arms, governed by their respective ordinances¹⁹.

¹⁸ Such as SCAD Foundation (Hong Kong) Limited / Savannah College of Art and Design, Inc. and the University of Chicago Booth School of Business in Hong Kong.

¹⁹ 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

2.5 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 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 to provide self-financing post-secondary programmes, as the governing legislation empowers the councils of these institutions to establish schools or corporations.

2.6 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 nursing, social work, etc.) before it is considered by the Chief Executive in Council.

2.7 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 (see below).

2.8 Apart from programmes provided by local institutions, there are also many “non-local” post-secondary education programmes operated in Hong Kong either independently by an overseas institution or jointly with a local partner²⁰. It should be noted that those programmes lead to a non-

Education, and Technological and Higher Education Institute.

²⁰ The local partnering institution in Hong Kong normally provides campus facilities and some teaching staff, etc. for the delivery of non-local degree programme concerned.

local qualification and are not necessarily locally-accredited, though they are regulated separately under the Non-local Higher and Professional Education (Regulation) Ordinance (Cap. 493), which was enacted in 1997 for the purpose of protecting “consumer” interests. Operators are required by law to have effective measures in place to ensure that the standard and quality of their non-local programmes 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 a non-local higher academic qualification by a non-local institution will only be approved if the programme in question meets specified criteria.

2.9 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 undertaken²¹, and further enhancement is being pursued 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.

Oversight bodies

2.10 At present, there are two prominent bodies advising the Government on policy matters relating to the development of the higher

²¹ The major enhanced enforcement actions undertaken since mid-2016 include –

- (a) A new condition for registration has been imposed on programmes newly registered since 31 October 2016 requiring operators concerned to maintain certain documents relating to the non-local programmes for a specified period. While the same condition has also been imposed upon operators of existing registered programmes 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 to improve the efficiency of follow-up actions; and
- (d) Inspections of operators’ premises have been conducted since September 2017.

education sector – broadly speaking, the UGC²² on the publicly-funded sector, and the CSPE on the self-financing sector.

2.11 The CSPE was established by the EDB in April 2012, in response to the relevant recommendation in the *Higher Education Review* report published by the UGC in 2010, 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 Committee and representatives from the self-financing post-secondary sector and QA bodies.

2.12 Apart from proposing the establishment of the CSPE, the UGC's *Higher Education Review* report 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 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 proper or in a self-financing arm, to ensure that the levels of cost recovery on self-financing activities are appropriate.

Quality Assurance for Self-financing Post-secondary Education

2.13 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.

²² 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.

2.14 Currently, two QA mechanisms co-exist in Hong Kong. For programmes offered by institutions with self-accrediting status, i.e. the eight UGC-funded universities (covering also their self-financing arms), OUHK, and institutions enjoying Programme Area Accreditation (PAA) status in certain disciplines²³, they are primarily subject to their internal QA procedures. Other post-secondary programmes provided by self-financing institutions are subject to external QA and accreditation by the HKCAAVQ.

2.15 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 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.

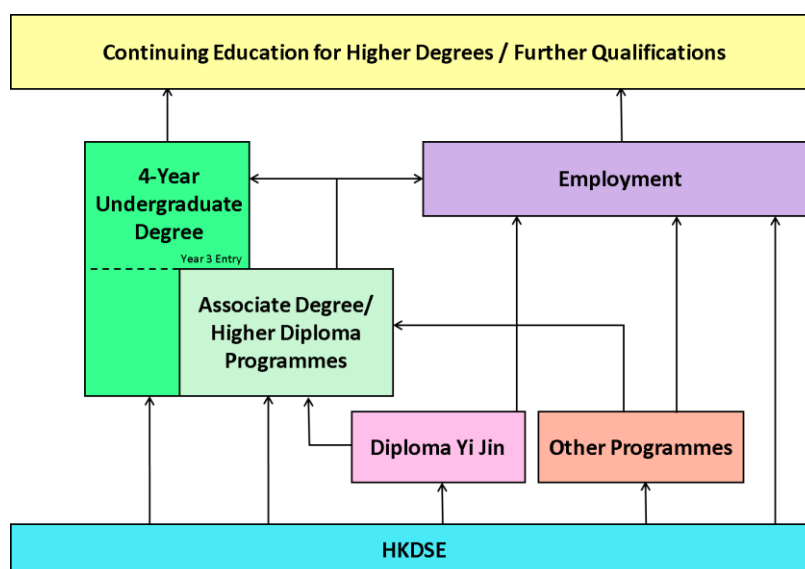
Government Policies on Sub-degree Qualifications

Value of Sub-degree Education

2.16 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 pathways.

²³ 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 The Hang Seng University of Hong Kong enjoy PAA status in certain programme areas.

Graph 2.1: Secondary school graduates' articulation pathways



2.17 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”) in order 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.

2.18 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 education. 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 them continue with studies in 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

2.19 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 in recognising 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.

2.20 Sub-degree qualifications are also recognised outside Hong 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 has started to admit sub-degree graduates from Hong Kong to pursue top-up degree studies since 2016.

2.21 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. Students enrolled in self-financing sub-degree programmes may also apply for student grant/loan, but have not been eligible for SSSDP until most lately²⁵.

Articulation Opportunities

2.22 The UGC's 2002 *Report on Higher Education in Hong Kong* with respect to the introduction of AD qualification forecast accurately that

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.

²⁵ It has been announced in the 2018 Policy Address that scope of the SSSDP will be expanded starting from the 2019/20 academic year to benefit about 2 000 students per cohort enrolling in selected sub-degree programmes.

“One key change will be the creation of a new demand from those who have completed associate degrees, for entry with appropriate credits into the advanced years of first degrees.” As the number of sub-degree graduates continued to increase and many of them aspired for degree education, both the UGC-funded sector and self-financing sector started to meet such demand through the provision of top-up degree programmes. The number of new intakes to top-up degrees rose from 4 100 in 2008/09 to 12 800 in 2017/18. 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.

2.23 While the general expectation 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 some sub-degree graduates (usually those with less relevant prior learning experience at sub-degree level) to start from Year 2 (or even Year 1) of their four-year undergraduate programmes.

Employment Situation of Sub-degree Graduates

2.24 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, by year of graduation, of the overall performance score of employed sub-degree graduates according to the surveys conducted so far is shown below.

Table 2.1: Overall performance scores of sub-degree graduates under the employer opinion surveys conducted by the Government

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

Note: On a scale of 0 to 5, 5 being the highest.

2.25 Employer survey results indicated that the overall performance of the 2013 sub-degree graduates²⁶ (more than 700 in sample size) was assessed by employers as satisfactory, with an average score of 3.35, 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 employed failed to meet employers’ required standards.

²⁶ The next survey on the 2016 graduates is being conducted.

Chapter Three

Public Engagement and Practices in Other Economies

3.1 The Task Force promulgated its consultation document on 25 June 2018. **Annex D** summarises the key initial observations of the Task Force for consulting the public. During the consultation period, the Task Force conducted various engagement activities with the participation of more than 50 organisations; and received about 80 written submissions in response to the consultation document. A list of respondents to the consultation documents is available at **Annex E**. Salient points are highlighted in the ensuing paragraphs.

Role of the Self-financing Post-secondary Sector

3.2 Stakeholders and members of the public who have expressed their views generally support the Task Force’s observation that the self-financing post-secondary sector needs to be “reformed” and “modernised”, with the mission of operating alongside the UGC sector to provide more options and adding diversity to the higher education system as a whole. The Task Force’s recommendation that self-financing institutions should strive to develop their niche areas with a clear delineation of roles and positions is also generally supported. While some individual members of the public and student groups urge the Government to increase the number of UGC-funded undergraduate places, stakeholders and the public are by and large receptive to upholding the Government policy of supporting parallel development of the publicly-funded and self-financing post-secondary sectors.

3.3 The Task Force has received submissions from stakeholders including institutions and students indicating support for the prevailing binary system for sub-degree education where self-financing institutions are the major operators. Many respondents see the need to further clarify the respective role and positioning of AD and HD qualifications. In

particular, many respondents express support for taking further steps in enhancing the quality and design of HD programmes, including conducting studies to look into the matter.

3.4 Institutions operating sub-degree programmes largely support the option of stepping up support for students enrolling in sub-degree programmes. While most institutions support the option of expanding the scope of the current SSSDP to cover sub-degree programmes, there is, however, a lack of consensus over the extension of non-means-tested tuition subsidy to all students enrolling in self-financing sub-degree programmes. The Task Force has taken into account the views received in formulating its recommendations on the future development of sub-degree education in Hong Kong (Chapter Five).

Regulation of and Support for the Self-financing Post-secondary Sector

3.5 As reflected in the submissions from individual members of the public, they generally share the view that the quality of self-financing post-secondary education needs to be enhanced. On the other hand, many institutions call for more support from the Government so that they can enhance the quality and recognition of their self-financing programmes.

3.6 The stakeholders and the general public by and large agree to the proposal of reviewing and updating Cap. 320 whereas the higher education sector has diverse views on the application of the future reformed Cap. 320. On the one hand, independent privately-run institutions consider that they are not competing with the self-financing arms of publicly-funded institutions on a level playing field. They are of the view that the publicly-funded 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 their 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 publicly-funded universities. The private institutions therefore welcome the suggestion to forge a uniform and consistent regulatory and QA framework for all institutions providing self-financing post-secondary programmes.

3.7 On the other hand, the UGC-funded sector have registered contrary views –

- (a) Some UGC-funded universities are doubtful about the rationale and merits of the proposal and have indicated that they object to the proposal of detaching their self-financing arms offering sub-degree and undergraduate programmes from the university. They emphasise that the current mode of operation of their self-financing operations has a good track record and these operations are well-received by students. They argue that any change to the current arrangement should duly take into account students' preference and the quality of post-secondary education;
- (b) The UGC-funded universities consider that their experience in operating quality self-financing programmes and established accreditation arrangements should be duly recognised. It would be unfair to require their self-financing arms to start afresh in terms of their operation and accreditation status under the reformed regime for the self-financing sector;
- (c) Some of them caution that a mandatory migration of their self-financing programmes to Cap. 320 may encroach on their institutional autonomy and self-accreditation status granted by their respective enabling ordinances; and
- (d) A few UGC-funded universities have emphasised that there is a strategic need for offering certain self-financing programmes to complement their existing publicly-funded programmes for creating better academic synergy and a multi-disciplinary learning environment within the institution.

3.8 During the Task Force's consultations with the UGC-funded sector, further views were exchanged on various "migration issues" likely

to arise should the self-financing arms of UGC-funded universities be required to migrate to the reformed Cap. 320. The Task Force has taken into account the views and suggestions received in formulating its recommendations concerning the regulatory framework for self-financing institutions (Chapter Six).

Systems and Practices in Other Economies

3.9 To facilitate the conduct of review by the Task Force, the HKCAAVQ was invited 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). The purpose was to enable the Task Force to better gauge the global trends in public and private sector development in higher education. The study has provided a useful overview of the situation in the studied economies but its findings are by no means exhaustive, static or prescriptive. The ensuing paragraphs provide a summary of the study findings.

3.10 Historical contexts and government policies are the main factors that have impacted on the development of the self-financing sector in the nine 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, some common features are observed –

- (a) The emergence of private provision is closely related to the massification of higher education;
- (b) Private institutions are mainly teaching-oriented, focusing on programmes that appeal to a large number of students and do not require heavy investment in equipment or facilities. Very often,

programmes offered by private providers are in niche areas or areas perceived as more popular;

- (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 any economic downturn;
- (e) With the United States as an exception, public providers in other economies studied are often perceived as providing higher teaching quality;
- (f) Private providers are gradually playing a larger role in terms of contribution to the overall economic and human resource development; and
- (g) A range of sub-degree qualifications are offered by the self-financing sector, including AD, HD, and/or other qualifications.

3.11 According to the study findings, there is a spectrum of regulatory arrangements adopted by different jurisdictions 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.

3.12 Public universities in the studied economies participate in self-financing activities to different extent and in a number of forms. However, information collected suggests that in the studied economies there does not exist a similar model to Hong Kong 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. On the Mainland, some 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 for compliance with certain requirements in order to become truly independent colleges.

3.13 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 very much vocationally-oriented. Yet, save for the case of Australia²⁷, sub-degree qualifications in the other studied economies serve either the purpose of articulation or immediate employment.

²⁷ In Australia, both advanced diploma and associate degree qualifications co-exist as sub-degree level education for both purposes of employment and articulation.

Chapter Four

Enhancing Policy on the Development of Self-financing Post-secondary Education

4.1 The rapid development of the self-financing post-secondary sector (including the emergence of the self-financing arms of UGC-funded universities and the establishment of new private post-secondary institutions) in the last two decades 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 post-secondary education sectors in broadening and diversifying study opportunities for our students.

4.2 As shown in Table 4.1 comparing the intake quotas of full-time subsidised and self-financing locally-accredited post-secondary programmes in 2017/18, self-financing places constituted about 66%, 37% and 67% of all sub-degree, FYFD and top-up degree intake quotas respectively.

4.3 To attract more students to enroll in programmes that meet specific human resource needs in sectors with a high demand for talent and to alleviate the financial burden of eligible students who could not secure a place in publicly-funded programmes, the Government has leveraged on the supply of the self-financing sector and started to provide direct subsidy to eligible students enrolling in self-financing undergraduate programmes through a couple of schemes in recent years, namely the SSSDP and NMTSS.

Table 4.1: Intake quotas of full-time post-secondary programmes in 2017/18

Level of Programme	Funding Mode	Post-secondary Operators	Programme Intake Quota			
			Local	Non-local	Sub-total (%)	Total
Sub-degrees	Self-financing	UGC-funded universities (university proper)	180	-	21 006 (66%)	31 775
		UGC-funded universities (self-financing arms)	13 372	-		
		Other institutions	7 454	-		
	Subvented	UGC-funded universities (proper)	1 519	-	10 769 (34%)	
		VTC	9 250	-		
FYFD	Self-financing	UGC-funded universities (university proper)	353	-	9 064 (37%)	24 236
		UGC-funded universities (self-financing arms)	500	85		
		Other institutions	7 516	610		
	Subvented	UGC-funded universities and HKAPA	15 172	-	15 172 (63%)	
Total number of intake places available for secondary school graduates:						56 011
Top-Up Degrees / Senior Year Entry (Available for sub-degree graduates)	Self-financing	UGC-funded Universities (university proper)	505	-	9 740 (67%)	14 540
		UGC-funded universities (self-financing arms)	2 495	1 761		
		Other institutions	2 855	2 124		
	Subvented	UGC-funded universities (proper)	4 800	-	4 800 (33%)	

Merits of a Parallel System in Higher Education

4.4 The above developments highlight the merits of a parallel system whereby both the publicly-funded and self-financing sectors can thrive and be complementary to each other. While the publicly-funded sector aims to provide a comprehensive array of education programmes, in some cases it is constrained by the mode of operation to exercise flexibility in the provision of programmes (such as the triennium planning cycle for UGC-funded programmes). The self-financing sector has the flexibility to provide additional complementary choices in undergraduate and sub-degree education and add diversity to the higher education sector as a whole.

4.5 Elsewhere in the world, it is increasingly recognised that traditional or conventional universities are no longer able to absorb all the demands or cater to the diverse interests of the students who have also become more differentiated, with a wider range of interests and goals for education, and more heterogeneous in terms of ability. Development of a robust private higher education sector can contribute to diversity, while such a sector's responsiveness to market trends can help adapt higher education to meeting ever-changing societal needs. An additional potential benefit of private sector provision is the mobilisation of societal resources for higher education that would not otherwise be available. Private institutions provide opportunities for wider involvement of the community in the development of higher education.

4.6 It is therefore not surprising that private higher education has now become an essential and integral part of the higher education system in many economies around the world. Hong Kong also recognises the merits of diversification in the higher education sector. Through its "parallel development" policy, the Government can facilitate the long-term and sustainable development of higher education as a whole by supporting the growth of a robust private (self-financing) higher education sector to parallel and complement the already strong publicly-funded higher education sector.

Lopsided Development and Lack of Clear-cut Identity

4.7 Nominally, there should be a clear-cut identity between subvented institutions (the publicly-funded sector) and independent private institutions (the self-financing sector). However, the self-financing post-secondary institutions in Hong Kong are not entirely private in nature. There actually exist two groups of such institutions – (a) those operating as a subsidiary or separate unit of a publicly-funded higher education institution; and (b) those independent or private self-financing institutions operating on their own. Thus in reality, the scene is much more ambiguous and mixed, with self-financing programmes being provided by both “independent private” providers and “quasi-private” providers which are organisationally affiliated to the publicly-funded sector.

4.8 A closer look at the “market share” of the sector suggests that the major providers in the self-financing sector are subvented institutions (i.e. UGC-funded universities and the VTC) which together enrolled 60% of all 74 000 students in self-financing sub-degree and undergraduate (including top-up degree) programmes in 2017/18. The dominance of the subvented institutions is particularly acute in self-financing sub-degree programmes (about 85%) and self-financing top-up degree programmes (about 60%). At the same time, there has also been a growing number of students enrolling in self-financing FYFD programmes offered by these subvented institutions, which generally refrained from offering such programmes in the past as their established mission is to deliver publicly-funded undergraduate education.

4.9 The above lopsided development raises one fundamental question to the Task Force: Is it conducive to the healthy development of the self-financing post-secondary sector (i.e. a private higher education sector) in Hong Kong if the dominant providers are in fact the affiliated “quasi-private” self-financing arms of publicly-funded institutions operating under their aegis?

4.10 While these “quasi-private” providers established by publicly-funded institutions are generally more resourceful, and their self-financing programmes are also generally well-received and recognised by students,

parents and the community at large, such a model is not without limitations and may have some serious implications in the long run, which could possibly undermine the core mission of publicly-funded institutions and at the same time hinder the healthy development of an independent, robust and sustainable private higher education sector to enhance diversity and community participation in our higher education arena.

4.11 UGC-funded universities in Hong Kong are granted self-accrediting status. They have their own governing ordinances, and they enjoy autonomy in the development of curricula and academic standards, selection of staff and students, etc. The self-financing arms of these publicly-funded universities, notwithstanding their quasi-private and self-financing nature, are currently also covered by the self-accreditation status and quality audit provisions of the publicly-funded universities under whose aegis they operate. These privileges and support are not available to other standalone, fully independent, private providers of post-secondary education in Hong Kong.

4.12 Given this dominance of the publicly-funded universities in the self-financing landscape in Hong Kong, it is likely that the self-financing arms of these publicly-funded universities will continue to grow if unmodulated. This phenomenon of having the bulk of Hong Kong's self-financing post-secondary education directed and operated under the aegis of the publicly-funded universities is contrary to the "parallel development" policy intent of the Government. Neither is such lopsided development conducive to enhancing private sector participation and mobilising wider community resources to create a vibrant and dynamic higher education landscape in Hong Kong.

4.13 The Task Force recognises 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 to achieve greater diversity, wider community participation and more student choices in higher education. Under such parallel development, there should be a clear delineation between the two sectors.

4.14 Indeed, the co-existence of both public and private/independent institutions is common in many advanced economies when it comes to higher education. After all, education at the tertiary level to produce our future thinkers, scientists, professionals, academics, artists, administrators, managers, etc. should not be subject to rigid modes or over-standardised ways of teaching and learning. Even in the case of compulsory education at primary and secondary levels, the objective in recent years has been to facilitate a growing diversity of curriculum.

4.15 In view of the above, the Task Force has deliberated whether the Government needs to enhance its current policy of supporting the parallel development of publicly-funded and self-financing post-secondary sectors; and whether and how the role of subvented institutions and self-financing private institutions should be more clearly differentiated in terms of the provision of self-financing programmes. The Task Force recognises that an educational environment favourable to fostering greater community participation in higher education to enhance creativity and diversity, not rigidity and homogeneity, has to be nurtured and developed, with conducive policies and support and facilitation measures. It does not come along by default. These issues will be further taken up in the next two chapters.

Strengthening Proactive Government Policy

4.16 As a consequence of student demographic decline, the post-secondary sector as a whole is approaching saturation (comparing the supply and demand for sub-degree and undergraduate programmes - see **Annex F**), the “over-supply” of self-financing post-secondary education places in some general discipline areas is bound to result in those relatively small and new institutions facing more difficulty in recruiting students unless they forgo the areas where there is over-supply and build up a niche, or there is a change in the demand landscape (e.g. admitting more non-local students). Therefore self-financing institutions must try to be more strategic in their academic positioning and programme planning in order to demonstrate their unique areas of specialisation.

4.17 The Task Force also notes that the market conditions for a healthy development of a truly independent private sector are presently not too favourable, especially in face of declining student population in the coming years. The more established institutions may well sail through such challenges. Some might turn to providing low-cost, easily replicated programme types that would not really add to diversity. Hence leaving things to market forces and just encouraging independent private institutions to work hard to groom a sustainable self-financing sector with new “beacons of light” might be seen as lip service. Thus the Task Force advocates the Government to adopt a more proactive policy of “parallel development”, backed by sufficient and conducive support and facilitation measures.

4.18 To further develop the self-financing post-secondary sector in a healthy and sustainable manner, and in view of the challenges currently faced by the sector, the Task Force’s first recommendation is to set the direction for the future development of the sector.

Recommendation 1:

The policy of supporting the parallel development of the publicly-funded and self-financing post-secondary education sectors is conducive to encouraging the growth and diversity of higher education in Hong Kong. There should be a clearer differentiation between the two sectors. At the sectoral level, the self-financing post-secondary sector needs to be “reformed and modernised” to operate vibrantly alongside the publicly-funded sector.

4.19 The Task Force attaches great importance to academic freedom and institutional autonomy of post-secondary institutions. While the UGC coordinates the provision of subvented degree and sub-degree places in publicly-funded universities, self-financing post-secondary institutions (as well as the self-financing arms of UGC-funded universities) essentially determine the provision of degree and sub-degree places on their own based on their assessment of and response to 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 their meeting the necessary accreditation

requirements for individual programmes. This may not be conducive to the strategic development of the sector in tandem with changes in social and economic needs.

4.20 While some may argue that we should let the market steer the development in the sector and let individual institutions make their own judgement call, the Task Force believes that education is not a commodity but should always serve its public mission. Excessive market competition without any strategic coordination is not in the best interests of students and the community at large, as could be observed in the education systems of some other economies. For instance, it will not foster programme diversity and innovation if self-financing institutions mostly opt to operate programmes with lower start-up costs, despite the abundance of similar programmes in the market. It should be differentiation rather than overlapping of programmes offered by different self-financing institutions that can truly expand the spectrum of choices for students and inject meaningful diversity to higher education in Hong Kong.

4.21 It is therefore important that, within a reformed and modernised self-financing sector, institutions are able to more sharply identify their distinctive roles and positioning in the development of higher education, as well as their aspirations and development strategy. For self-financing institutions to do so, there ought to be a high-level co-ordination that helps keep competition and diversity within healthy perimeters. The call for co-ordination is also imminent among institutions now in face of challenges posed by student demographic decline.

4.22 A clear delineation of roles and positioning of self-financing institutions, coupled with suitable support measures, will have positive impact on the sector's long-term sustainable development by enhancing certainty in student admission, encouraging staff development and retention, as well as fostering a quality and diversified higher education environment. The Task Force is pleased to note that in recent years some self-financing institutions have started to better identify community needs by providing specialised programmes to meet human resource demands which could not be fully met by the publicly-funded sector.

Recommendation 2:

The Government has a role to foster strategic co-ordination amongst self-financing institutions and help them identify and develop their distinct character and niche areas, through more targeted human resource forecasts and broad guidance on strategic areas of needs. Self-financing post-secondary institutions should demonstrate how their development will respond to community needs, and how they will achieve long-term sustainability in terms of academic quality, student intake and financial viability by way of formulation and implementation of strategic plans.

4.23 The EDB is responsible for overseeing the development of the entire higher education system. The UGC's main function is to advise the Government on the funding and development of higher education in Hong Kong, particularly on the standards and cost-effectiveness of the operations and activities of UGC-funded universities. The CSPE serves as a platform for discussing macro and strategic issues vital to the self-financing post-secondary sector, as well as promoting quality and good practices.

4.24 The CSPE is currently an advisory committee with no resource allocation role for the self-financing sector. Although providers of self-financing programmes do not receive recurrent grants from the Government in the same way that UGC-funded universities do, the Government has been, over the past decade or so, channeling much more public money into the self-financing sector by making available more student subsidy schemes, providing land and loans for campus development, extending the MGS to the self-financing sector, and making a total injection of \$3.52 billion to the SPEF as seed money to provide student scholarships and finance non-works projects to enhance teaching and learning, etc. The EDB operates some of these support measures on the advice of committees other than the CSPE, e.g. the SPEF Steering Committee, and the Vetting Committee for the Allocation of Sites and Start-up Loan for Post-secondary Education Providers.

4.25 Such efforts are commendable but may still be somewhat restrictive and inadequate for supporting a "parallel development" policy goal. The Task Force will make some recommendations on enhancing the

support measures in the next Chapter. To better steer the self-financing post-secondary sector towards positive changes under coordinated oversight and support, the Task Force sees a need to expand the role and functions of the CSPE so that, on top of its current responsibilities, it can also advise the Government on the use of relevant support measures for the self-financing post-secondary sector. The Committee's membership may well be broadened in light of its expanded mission. Other committees that currently oversee support schemes related to the self-financing post-secondary sector should be suitably subsumed under the CSPE. In much the same way as the UGC serves to promote excellence in teaching, learning and research in the subvented higher education sector, the CSPE can also act as a champion for enhancing the development and quality of the self-financing post-secondary sector²⁸.

Recommendation 3:

The role and functions of the Committee on Self-financing Post-secondary Education should be strengthened with a view to providing strategic and policy advice on the development of the self-financing sector, including advice on measures to promote, facilitate and coordinate such development in terms of scope of operation, quality and governance.

²⁸ There is presently good linkage between the CSPE and UGC. The Chairman of CSPE currently serves as ex-officio member of UGC while the Secretary-General of UGC also sits on the CSPE.

Chapter Five

Support for Self-financing Post-secondary Education

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

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

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

5.3 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 self-financing institutions indeed have good potential to develop into private universities. The most recent attainment of university status by the Hang Seng Management College (now known as The Hang Seng University of Hong Kong) vividly illustrates such a path. In our view, the 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 a diversified self-financing sector as a whole. Thus, some of them may aspire to become private universities with a wider range of academic discipline areas, while some may position themselves as boutique institutions with specialisation in selective programme areas.

5.4 With this objective in mind, the Task Force considers that there is room for reviewing the current support measures for self-financing institutions, which should better address the need for resources by institutions in developing new programmes requiring high start-up costs and substantive investment in hardware and facilities. Suitable support measures, such as dedicated start-up loans and/or one-off grants may be provided by the Government, on the CSPE's advice, to improve the hardware of eligible institutions in tandem with their consolidation to complement the parallel development of the sector. Apart from education spending through the EDB, other Government bureaux/departments may also support self-financing institutions to develop and operate high-demand programmes in response to their respective policy directives, e.g. in the fields of allied health and elderly care, etc. The principle of non-recurrent grant should be more pragmatically interpreted so as not to lose sight of the social gain from multi-year one-off investments in schemes that directly benefit student learning and teaching.

5.5 The Task Force is pleased to see that the present Administration is bold in making financial investments in education at all levels. We urge the Government to devote sufficient resources (including land and teaching and student facilities) to laying a strong foundation for the growth and further development of independent private tertiary institutions in Hong Kong. We believe that the whole society will benefit from such investments in terms of quality private higher education as well as adding

new vibrancy and diversity to our regional education hub. With proper efforts and appropriate strategic steer, some self-financing institutions can in due course be nurtured to become new “beacons of light” alongside UGC-funded universities. It is also the Task Force’s considered view that any additional support measures should essentially be targeted at those self-financing institutions that will come under the reformed regulatory regime (to be discussed at Chapter Six) in line with the “parallel development” policy objective. Some of EDB’s support measures are already based on a confined scope of institutions. Consideration may be given to aligning the scope of all support measures applicable to the self-financing post-secondary education sector so as to better realise the policy impact.

Recommendation 4:

The overall support for the self-financing post-secondary sector should be reviewed to assist self-financing institutions under the reformed regulatory regime to sustain and grow. In particular, the Government may consider providing more financial support of a non-recurrent nature to facilitate improvement measures in areas such as programme and staff development or facilities upgrading with a view to enhancing teaching and learning.

5.6 At present, self-financing institutions are free to recruit non-local students, but are subject to a 10% cap in terms of students from the Mainland, Macau and Taiwan. The Task Force notes that as Hong Kong aspires to be a regional higher education hub, the importance of which will only increase within the Guangdong-Hong Kong-Macau Greater Bay Area context, the Government may facilitate the self-financing sector to also play an appropriate role on this front. The Government should engage relevant Mainland authorities to discuss the possibility of relaxing the current cap on self-financing operators in admitting Mainland students. Indeed, from our consultations there seemed to be strong aspirations from the self-financing sector on such a prospect. Doing this, of course, should not shift the primary mission of the sector to satisfy the educational needs of local students. A diversified student mix would help nurture a more cosmopolitan and multicultural learning environment, a feature well acknowledged and treasured in the publicly-funded universities. In the long run, individual self-financing post-secondary institutions may as well consider how they could strategically grow further in the wider

geographical context and contribute to the nurturing of talent for nearby regions, after they have established a firmer footing in Hong Kong.

5.7 In the course of conducting the review, the Task Force notes that a number of self-financing institutions and education concern groups have called for the Government to introduce remedial measures to “bail out” self-financing institutions that face the risk of survival given student demographic decline. While there is always a market risk for self-financing institutions in times of uncertain demands, hence our repeated emphasis in this Report on the need for coordinated growth and healthy competition, the Task Force agrees that in the eventuality of any sudden disruptions, the Government should facilitate arrangements that can help minimise negative consequences on the students.

Support for Sub-degree Education

5.8 Sub-degree education has become an integral part of Hong Kong’s post-secondary education system. The number of students admitted to all sub-degree programmes in 2017/18 (about 28 000) is more than that to all undergraduate programmes (about 21 000). While almost all undergraduate student admittees are enjoying a certain level of non-means-tested Government subsidy (either through UGC-funding, SSSDP or NMTSS), only about 10 000 sub-degree places are subsidised through subvented programmes offered by the VTC and a few UGC-funded universities.

5.9 There appears to be conflicting perceptions on the value of sub-degree education, especially the more general AD qualification. On the one hand, it is the common aspiration of students, parents, as well as the self-financing institutions for the Government to step up recognition and support for sub-degree education generally. The feedback received during public consultation indicates that retaining sub-degree education is the majority view among stakeholders. AD students generally value AD education as a “second chance” for articulation to degree education. Others, especially some employers, see HD education as crucial in nurturing much-needed human capital and supporting Hong Kong’s social and economic development. On the other hand, many in the community,

mostly focusing on the AD, remain somewhat uncertain and even skeptical about the relevance of sub-degree education to career development.

5.10 The Task Force considers that the expansion of sub-degree education has 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 the AD 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 and 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 in contrast focuses on enhancing students' generic knowledge including languages, and also allows this group of young adults or "late-boomers" (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.

5.11 The Task Force has taken into account the development of sub-degree education in Hong Kong so far and the involvement of the self-financing sector in providing sub-degree programmes, as well as various views received during public consultation about the value of sub-degree qualifications especially AD qualification. The Task Force considers that stepping up support for institutions in the delivery of quality sub-degree programmes is still important for the development of post-secondary education in Hong Kong in the foreseeable future. The key premise, though, is to achieve a better delineation between the AD and HD qualifications so that there could be clearer and more realistic expectations.

Recommendation 5:

The prevailing binary system of sub-degree education comprising Associate Degree and Higher Diploma qualifications should be maintained at large based on better differentiation of the roles of the two qualifications.

5.12 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 over extending such a subsidy to sub-degree students as they are still uncertain about the value of sub-degree education, in particular the AD. Views received during public consultation indicate there was some consensus for a more targeted approach; hence it would be prudent, as a first step, to enhance the support for specific sub-degree programmes with demonstrable market needs and in response to our society's human resource demands, through support measures targeting both students and the institutions.

5.13 The Task Force therefore welcomes the Government's initiative as announced in the Chief Executive's 2018 Policy Address to extend the scope of SSSDP to sub-degree education from the 2019/20 academic year. The Task Force considers that such targeted support under SSSDP can encourage self-financing institutions to launch programmes with demonstrated market needs. The Task Force suggests that the CSPE can have a role of advising the Government on the range of such sub-degree programmes worthy of subsidy. The Government should further consider enhancing support for institutions in launching programmes that can meet Hong Kong's human resource needs.

Recommendation 6:

Apart from extending the Study Subsidy Scheme for Designated Professions/Sectors to students enrolling in selected self-financing sub-degree programmes that are conducive to vocational and professional education and training in support of specific industries/sectors with pressing human resource needs, the Government should also provide financial support to self-financing institutions for developing selective sub-degree programmes with high market relevance and high upfront investment in hardware, so as to help them take off.

5.14 The Task Force accepts the views of many stakeholders that there is a need to have a clearer positioning (or re-differentiation) 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 strengthen the content of sub-degree programmes in providing better education and 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 inadequate room for practicum and job attachments which can enhance the employability of students. Employers from some industry sectors have expressed that equipping HD graduates with knowledge in new technology and prevailing skill-sets relevant to the industry would greatly improve graduates' employability and better meet the human resource needs of Hong Kong. For instance, additional practical training on top of the current HD curriculum would give graduates an added advantage in meeting some job market needs, especially in healthcare and the engineering disciplines (such as aircraft engineering, construction, mechanical engineering and building services engineering).

Recommendation 7:

Taking into consideration the development hitherto and the reception of the sub-degrees by students and by the community, the positioning of the Associate Degree and Higher Diploma qualifications should be more sharply differentiated. Associate Degree qualification should be positioned as primarily preparing students for articulation to general degree programmes; and Higher Diploma qualification should be positioned as preparing students for either immediate employment at para-professional level in relevant industries and professions, or articulation to specialised professional degree programmes.

5.15 The Task Force has also considered the issue of provision of top-up degree programmes to meet the demand of AD graduates. It notes that there exist ample articulation opportunities at present – 5 000 UGC-funded senior-year intake places starting from the 2018/19 academic year plus about 9 500 self-financing top-up degree programme places, versus some 8 600 AD graduates per year²⁹. However, the attention of the Task Force has been drawn to the trend that many AD students only desire admission to UGC-funded senior-year places upon graduation (though often in vain

²⁹ In addition, there are some 16 000 HD graduates every year, about 40% of whom would seek articulation to degree programmes.

for various reasons). Assuming that the number of subvented senior-year places would remain at the current level, self-financing institutions should consider reviewing the number of their AD programme intakes (at present, mostly provided by the self-financing arms of the UGC-funded universities), also having regard to the declining student population, so as to accord more capacity and resources for offering HD programmes which can better equip students for articulation to more vocationally-oriented and specialised top-up degrees.

5.16 The Task Force also encourages students who aspire for AD education to make use of the information provided on the EDB's Concourse website regarding the exit statistics of individual institutions (such as the articulation rate to UGC-funded senior-year places) so that they can make an informed decision on study options. AD graduates should also consider pursuing self-financing top-up degree programmes, as there are now non-means-tested tuition fee subsidies provided by the Government. In the medium to long run, sub-degree programme operators should review their programme portfolio and assess the need to develop more HD programmes which can provide graduates with more exit options in either employment or articulation.

5.17 The structure of sub-degree programmes (e.g. study duration, curriculum content, minimum entrance requirements) has evolved over time in response to community needs and development in our education system at various stages. The present programme structure is a result of modifications made on the basis of past reviews and consultations. Having listened to the feedback from employers and some stakeholders during public consultation, the Task Force is in favour of enhancing the design of sub-degree curriculum.

5.18 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 facilitate a more flexible study duration to cater for the nature and requirements of different programmes. Operators should be encouraged to suitably incorporate more specialised content and credit-bearing practicum or job attachment hours into the curriculum to better prepare students for employment or articulation. The higher employability of graduates from such

programmes, with often good salaries, should make any extended duration of study still worthwhile to students. For AD programmes, the follow-up study may also explore whether there are merits in extending AD education's normal study duration as well so that AD students, who generally require more fundamental academic training than those direct admittees to undergraduate programmes, can be given more time to sharpen their academic skills before they become ready for articulation to top-up degree programmes³⁰.

5.19 Besides, the Task Force agrees with some industry stakeholders that stepping up the promotion for HD education would be particularly instrumental to the re-industrialisation and the next phase of economic development of Hong Kong. There is a need to reinvigorate HD education which had been unduly overshadowed by the growth of the new AD qualification since 2000. The Task Force would like to appeal to institutions, students and parents to attach more importance to HD education which could possibly provide comparable career prospects for students, if not more promising in some specialised fields, 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 vocational and professional education and training, in which context the issue of enhancing HD education would also be studied.

Recommendation 8:

To further enhance the quality of sub-degree education, the Government should conduct a more focused study to review and improve the structure and curriculum of Associate Degree and Higher Diploma education to reflect their respective refined positioning within the higher education sector in Hong Kong. Higher Diploma education should be reinvigorated with stepped-up Government support measures as Higher Diploma education is able to generate appropriately trained human resources needed by many industries.

³⁰ At present, most UGC-funded universities admit AD graduates into the third year of their UGC-funded "senior places" in undergraduate degree programmes. Given so, an eligible AD student after leaving secondary school spends an equal amount of time (2+2 years) to get a UGC-funded first degree compared to a direct entrant to a 4-year degree programme.

5.20 The Task Force considers that when operators have suitably enhanced the structure and curriculum of AD and HD qualifications, it will be opportune for the Government to revisit the positioning and value of these two sub-degree qualifications with a view to ensuring they will continue to serve their purposes and contribute to the development of Hong Kong's higher education.

Chapter Six

Regulatory Framework for Self-financing Institutions

6.1 As pointed out in Chapter Four, it is crucial that the Government clearly differentiates the private and public education sectors in Hong Kong's higher education to uphold the principle, and realise the merits, of parallel and complementary development between the two sectors and to ensure sustainability. With this direction in mind, the Task Force has explored ways on how to forge the development of a truly separate and independent self-financing private sector comprising institutions operating within the remits of a unified regulatory regime for the sector. Apart from the support measures proposed in Chapter Five, a more robust regulatory framework is considered another cornerstone.

6.2 A reformed and modernised regulatory regime is to support such a policy goal, not to restrain private institutions from innovation and creativity, nor to over-regulate their educational activities except where QA and accountable governance dictate.

6.3 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 publicly-funded sector. Even when the number of local secondary school leavers is expected to hit its trough in 2022, students' demand for sub-degree and undergraduate studies could not be met entirely by subvented programmes. Assuming no significant change in the publicly-funded places, self-financing post-secondary institutions will always have a role to play in providing further education opportunities to fulfill local students' demand.

6.4 There is a good case for undergraduate education to expand in the self-financing sector in the long term both to help satisfy the aspirations of secondary school leavers for higher education and to foster a more diversified education landscape. Self-financing arms created by subvented institutions for historical reasons, if they would like to stay in

the delivery of first degree and sub-degree education, should be facilitated and supported to go “independent” and prosper outside the ambit of the subvented sector.

6.5 The Task Force is also mindful of the concern about assuring quality within the self-financing sector; hence all the more the importance of facilitation, support and regulation. Ultimately Hong Kong’s higher education system should enable eligible students pursuing whether publicly-funded or self-financing post-secondary education programmes to receive quality education as well as academic or vocational and professional qualifications well recognised by educational institutions and employers.

Anomaly and Discrepancies in the Current Regulatory System

6.6 The Task Force notes that one major anomaly in the present regulatory system is the lack of a uniform regulatory framework at both the institutional and programme levels. For most independent self-financing institutions, especially those degree-awarding institutions, the main regulatory framework is the Post Secondary Colleges Ordinance (Cap. 320), which, together with the Post Secondary Colleges Regulations (Cap. 320A), governs the registration and operation of post-secondary colleges and their consequent exemption from the provisions of the Education Ordinance (Cap. 279). When Cap. 320 was first enacted in 1960, there was a clear intention to concede colleges registered thereunder a large measure of autonomy, 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. At present, there are ten institutions registered under Cap. 320, namely –

<u>Institutions</u> ³¹	<u>Year of Registration</u>
(a) Hong Kong Shue Yan University (formerly <i>Hong Kong Shue Yan College</i>)	1976
(b) Caritas Institute of Higher Education (formerly <i>Caritas Francis Hsu College</i>)	2001
(c) Chu Hai College of Higher Education	2004
(d) The Hang Seng University of Hong Kong (formerly <i>Hang Seng Management College</i>)	2010
(e) Tung Wah College	2011
(f) Centennial College	2012
(g) Hong Kong Nang Yan College of Higher Education	2014
(h) HKCT Institute of Higher Education	2014
(i) Gratia Christian College	2015
(j) Yew Chung College of Early Childhood Education	2018

6.7 The approval authority for registration under Cap. 320 rests with the Permanent Secretary for Education, who would take into account the outcome of the IR conducted by the HKCAAVQ on the institution concerned and other factors stipulated under section 4 of the Ordinance. The IR exercise calls for substantial evidence from the institution regarding a high level of maturity in the development and implementation of sound

³¹ The Hong Kong Baptist College and Lingnan College were once registered in 1970 and 1978 respectively but later became UGC-funded universities and de-registered from the Ordinance with the enactment of their own ordinances.

institutional structure and processes, financial resources and academic planning, appropriate staffing and QA mechanisms for the planning, development, delivery and continuous improvement of the programmes. All institutions currently registered under Cap. 320 have been accredited and quality-assured by the HKCAAVQ.

6.8 Since the 1960s, the only major amendment to Cap. 320 was made in 2001 to revise its section 10 for allowing registered post-secondary colleges to award degrees with prior approval of the Chief Executive in Council³².

6.9 However, not all institutions providing self-financing sub-degree and degree programmes are required to be registered under Cap. 320. Subvented institutions including UGC-funded universities and the VTC are governed by their own enabling ordinances but some of them are offering self-financing programmes through their self-financing arms; while some institutions offering sub-degree programmes (but not degree programmes) are separately registered under Cap. 279. Operators of self-financing post-secondary programmes therefore are subject to different regulatory requirements under different legal regimes.

6.10 In terms of institutional governance, the above statutory institutions and Cap. 320 institutions are required to adopt broadly similar governance structure, such as the establishment of a council and/or board of governors of the institution to be the supreme advisory/governing body. Nonetheless, the reporting requirement for the institutions varies, with differences in terms of public accountability and financial transparency, e.g. Cap. 320 institutions are not required to publish their institutional performance or financial accounts whereas statutory institutions need to.

6.11 Another main difference among these operators lies in the procedures for offering programmes and the QA arrangements at the programme level. Statutory institutions can offer any new programmes without seeking the Government's prior approval, whereas Cap. 320 institutions need to seek such approval. In terms of QA mechanism, statutory universities with self-accrediting status can accredit and approve

³² Before the amendment in 2001, colleges registered under Cap. 320 could only award diplomas and certificates but not degrees.

their own programmes, whereas VTC and Cap. 320 institutions normally need to have each and every programme externally accredited by the HKCAAVQ before launching them, save for those programmes covered by the institutions' PAA status (if already achieved).

6.12 The Task Force considers that the discrepancies in regulatory regime pose a number of challenges. First, the lack of a unified mechanism at both institutional and programme levels is not conducive to fostering strategic coordination amongst institutions to develop their own character and niche areas, as well as the differentiation of programmes. Second, the difference in regulatory requirements for self-financing institutions in respect of governance and QA might give rise to doubts that the quality of post-secondary education delivered by some self-financing institutions is not on par with the others, particularly publicly-funded universities. Such perception is not conducive to promoting a rigorous and quality self-financing post-secondary education sector. Third, some independent self-financing institutions are concerned about the more lengthy and expensive external accreditation and approval process that they have to go through before launching any new programmes whereas publicly-funded universities are not subject to such process.

Review of the Current Regulatory Framework under Cap. 320

6.13 While seeing merits in implementing a unified regulatory regime for the self-financing sector, the Task Force also recognises that the current regulatory framework under Cap. 320 is outdated and inadequate as a regulatory framework necessary to facilitate the operation and development of a modern post-secondary institution of the 21st century.

6.14 In particular, the Task Force notes that regulation for institutions registered under Cap. 320 in contemporary settings has lagged behind in comparison with other ordinances that govern statutory universities/institutions. There is a pressing need to comprehensively amend the Ordinance so that the legal framework governing the self-financing post-secondary sector can appropriately reflect the rapid changes in post-secondary education, including having a desirable policy oversight over the sector as discussed in Chapter Four above. Some of the

requirements in Cap. 320 will also need to be adjusted to provide comparable treatment of self-financing institutions vis-à-vis their counterparts in the publicly-funded sector, such as in academic freedom, academic autonomy and accountable and transparent governance.

6.15 There is a need to strengthen and revise some prevailing requirements under Cap. 320, such as the requirements for registration under section 4, to enhance the financial transparency and institutional governance of registered colleges. Consideration may be given to adopting requirements under the present *Code of Good Practices on Governance and Quality Assurance*. Reference may also be drawn to comparable provisions in the enabling ordinances of statutory universities when updating Cap. 320. Apart from revising or removing the obsolete provisions, other provisions under Cap. 320 (and some other related ordinances, such as Cap. 279) may need to be amended to the effect that institutions offering self-financing sub-degree and undergraduate programmes will come within the ambit of Cap. 320.

Recommendation 9:

The Post Secondary Colleges Ordinance (Cap. 320) should be comprehensively reviewed and updated, making reference to comparable provisions in the statutes governing publicly-funded universities and in tandem with the academic and institutional governance expected of a modern higher education institution.

Forging a Reformed and Unified Regulatory Framework

6.16 In the light of the Government policy to support parallel development of the publicly-funded and self-financing post-secondary education sectors, the Task Force considers that the reformed regulatory regime should set out clearly the requirements that a private institution has to satisfy to be qualified for registration under Cap. 320 and such requirements should demonstrate that the future private universities/colleges under Cap. 320 are on a par with the publicly-funded universities even though they differ in financial arrangements and staffing structures.

6.17 In particular, the Task Force sees merits in shifting the regulatory regime for the self-financing sector from “programme-based” (e.g. requiring approval for launching each new degree programme) to “institution-based”, focusing more on enhancing transparency, QA and good governance, rather than micro-management. With reference to the *Code of Good Practices on Governance and Quality Assurance*, some areas of improvement for self-financing institutions could include the following –

- (a) Requiring an institution to provide strategic and operational plans, in line with an institution’s mission and vision, based on a vigorous assessment of the institution’s strengths and weaknesses amidst the opportunities, risks and challenges present in the external environment; and periodic publication of abstracts of the strategic and operational plans which contain high-level expected goals and performance outcomes for public information;
- (b) Requiring an institution to compile and publicise annual reports, and make available relevant financial information in a way that is transparent and accessible to the public;
- (c) Requiring an institution to adopt a fair and transparent fee-setting mechanism;
- (d) Requiring an institution to establish proper mechanisms for the handling of student and staff grievances and appeals in relation to academic and other decisions; and
- (e) Setting a formalised system by the Government in consultation with relevant authorities (such as the HKCAAVQ) for regular monitoring, reviews and benchmarking in an objective manner to assess programme effectiveness, validity and relevance. Parameters or criteria may have to be formulated to assist self-financing institutions in demonstrating how their programmes will be evaluated as meeting a community need.

6.18 These improvements may be pursued by amending Cap. 320 or through administrative means, say, when conducting assessment and re-

assessment for the IR status and for programme accreditation of an institution. To complement the reformed regulatory regime, the Task Force considers that the accreditation processes and criteria should also take into account the latest development of the self-financing sector and be adjusted so that the standard and quality expected of the institutions and programmes are maintained.

6.19 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 should be given to fostering closer communication and cooperation between the UGC (including the Quality Assurance Council) and the HKCAAVQ to better align their standards and practices in terms of QA. Given the concern of some private self-financing institutions about the lengthy process of programme accreditation, the HKCAAVQ should be invited to review such process and to streamline it as best possible.

Recommendation 10:

The regulatory regime for the self-financing sector should be reformed to enable self-financing institutions to evolve into mature and established private post-secondary education institutions by rationalising the arrangements in respect of academic structure, strategic planning, programme development, quality assurance and governance, etc. The applicable accreditation processes and criteria should be reviewed to better complement efforts aimed at quality assurance and competency.

De-registration of Cap. 320 Institutions

6.20 The prevailing Cap. 320 has already provided for a mechanism for de-registering an institution, i.e. when a registered institution is unable to fulfill the requirements for registration under section 4 of Cap. 320. The Task Force sees a need to set out more clearly the procedures and key parameters or criteria to be adopted for the de-registration mechanism to be carried out robustly and in a manner fair to all parties under the reformed regulatory regime. Pertinent factors may include serious shortfalls in

teaching and learning standards, teaching capacity, and programme delivery. In this context, any persistent and significant under-enrollment of students against the enrollment target originally set by an institution, based on which programme accreditation was granted and is to be reviewed, could well be one of the factors for consideration but should not be the only factor. Any decision to de-register an institution should not be made lightly, but should be considered with a holistic approach taking into account the long-term performance and potential of the institution.

6.21 There are some other “key performance indicators” that the regulator may take into account when reviewing the operations of a self-financing post-secondary institution, e.g. the role, positioning and uniqueness of the institution in the sector; and its financial soundness. Unfavourable macro environment that causes short-term disruptions to the performance of an institution, not necessarily reflecting inherent weaknesses of the institution, should also be given due allowance. Given its self-financing nature, the general principle in supporting the sector should be to ensure its sustainable and diversified development, and the focus in regulating the sector should be placed on deterring any unhealthy competition and under-performance that might compromise the overall ability of the sector in serving community needs and student interests.

6.22 As part of the reform package to amend Cap. 320, the Task Force recommends the EDB to work with the CSPE and HKCAAVQ, and other parties concerned, to look into and refine the criteria, timeframe and procedures for accrediting, registering, monitoring and de-registering a self-financing post-secondary institution under the reformed regulatory framework. Stakeholders should be suitably engaged during the reform process, and the final mechanism should be made known to the institutions concerned and to the public.

Recommendation 11:

A clear policy underpinned by a fair and transparent mechanism (through either legislative or administrative arrangements) should be formulated such that operators whose development and institutional capabilities fall short of their original plan and prescribed standards after a reasonably long trial period – such as serious shortfalls in teaching and learning, teaching capacity, and programme delivery - 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.

Migration to the Reformed Cap. 320

6.23 The Task Force considers that as a general principle, operators providing self-financing sub-degree and undergraduate (including top-up degree) programmes should be regulated under a unified system, having regard to the drawbacks of a non-unified framework as discussed above. The Task Force sees merits in forging a more uniform and consistent regulatory and QA framework for all self-financing post-secondary institutions, which could be better understood by the public and will also open up new opportunities to facilitate some of those institutions with the relevant capabilities and experience to evolve into private universities under Cap. 320. Independent self-financing institutions that are governed by their own enabling ordinances, i.e. OUHK and HKAS, should follow the same unified framework applicable to the sector and become members of the unified framework in a broader sense, even if they continue to stay under their current legal regimes.

6.24 It is also the Task Force's considered view that support measures for the self-financing sector should be targeted only at those institutions governed by the reformed regulatory regime. Aligning the scope of self-financing institutions eligible for Government's support measures to cover institutions under the unified regime will better realise the policy intent of supporting those operating within the limitations unique to institutions of a self-financing nature.

Recommendation 12:

Institutions providing self-financing programmes at sub-degree and undergraduate (including top-up degree) levels, including the self-financing arms of publicly-funded institutions, as well as institutions under the Education Ordinance (Cap. 279), should come under a unified regulatory regime for the entire self-financing post-secondary education sector to promote coherence in quality assurance, governance, positioning and overall coordination of the sector which will be conducive to the healthy and sustainable development of the private higher education sector as a whole. The Government should encourage the development of self-financing institutions by providing targeted support to those operating under the remit of the reformed regulatory regime.

6.25 Nevertheless, the Task Force also notes that diverse views were received on whether the self-financing arms of the UGC-funded universities, presently covered by their parent university's statute, should be migrated to the reformed regulatory regime under Cap. 320.

6.26 In particular, some UGC-funded universities and their self-financing arms have registered certain concerns during the consultation period. Some UGC-funded universities show hesitation for detaching their self-financing arms from the university as they worry that doing so might result in the abolition of linkage to the parent university and the loss of branding that they have taken time and efforts to accrue. Furthermore, these self-financing arms are currently riding on the self-accrediting status of their governing universities, i.e. their programmes, regardless of programme type (except for non-local programmes) and funding mode, are internally accredited by their parent universities, not by the HKCAAVQ. As HKCAAVQ is currently the only accreditation body (at both

institutional³³ and programme³⁴ levels) under Cap. 320, once these self-financing arms migrate to Cap. 320, they should logically be subject to accreditation by the HKCAAVQ.

6.27 The Task Force respects the statutory powers conferred to the eight UGC-funded universities by virtue of their enabling ordinances – in designing, accrediting and approving their own programmes, degree or non-degree, publicly-funded or self-financing. The Task Force has examined the current mode of operation of self-financing programmes by the eight UGC-funded universities and notes that they do not share the same model in operating their self-financing programmes: some have established self-financing arms which are very much separate (financially and administratively) from their university proper, while others are operating self-financing programmes at university proper. The Task Force fully recognises the immense contribution made by the self-financing arms of the UGC-funded universities in providing post-secondary education opportunities, especially sub-degree education, to our youngsters, and is pleased to note that some of them have established good track records and grown to a significant scale in terms of range of programmes and campus facilities. We have good reason to expect them to grow and excel further after migration to Cap. 320.

6.28 Migration of the self-financing arms of UGC-funded universities to the new system under Cap. 320 would mean a full detachment from the university proper as a separate entity. 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. Hence the Task Force would expect a cautious approach to

³³ HKCAAVQ conducts IR for non-self-accrediting institutions that wish to seek registration under Cap 320. IR is an accreditation exercise focusing on an institution's competence to operate programmes at Bachelor degree level. Furthermore, HKCAAVQ conducts IR for Private University Title for the purpose of making an application for university title for consideration by the Chief Executive in Council.

³⁴ Qualifications awarded by a non-self-accrediting operator must be accredited by the HKCAAVQ if they wish to have them recognised under the Hong Kong Qualifications Framework and listed on the Qualifications Registry. It is mandatory for non-self-accrediting institutions to seek accreditation if they offer the following local awards: Associate Degree, Higher Diploma, Bachelor's, Master's and Doctoral degrees.

be taken by the Government that will entail more detailed discussions with the relevant UGC-funded universities and their self-financing arms to iron out any foreseeable issues. It is to be noted that migration to the new modernised regime of Cap. 320 would actually bring new strength to the institutions concerned, such as the proposed extension of support measures in future for the self-financing sector under Cap. 320, and the prospect of further growth of some self-financing post-secondary colleges into private universities. The Task Force sees it as bringing new opportunities.

6.29 The Task Force is also mindful that some flexibility should be allowed in addressing the above-mentioned concerns about linkage with the parent UGC-funded university and academic accreditation. Given the diverse historical circumstances leading to some UGC-funded universities running self-financing programmes at first degree and sub-degree levels, the Task Force considers it more practicable and reasonable that only those subsidiaries established outside the university proper be expected to register under Cap. 320, while a limited number of self-financing programmes may still be offered by the university proper for justifiable strategic reasons (and continue to be subject to the existing jurisdiction of the relevant enabling ordinances outside the ambit of Cap. 320). Those programmes still provided at the university proper should henceforth be considered as an exception rather than the norm within the context of a clear delineation between the publicly-funded and self-financing sectors of higher education under the Government's policy of "parallel development".

6.30 In the migration of UGC-funded universities' self-financing arms to separate entities, consideration may be given to (a) leaving the details of the self-financing subsidiaries' linkage with the parent university (including matters like branding, sharing of some campus facilities at cost, etc.) to be decided by the university's council in the best interests of the university under institutional autonomy; and (b) allowing a route for these subsidiaries to continue to rely on the university proper's internal accreditation process either as a transitional arrangement or a partnership agreement recognised by both the Government and HKCAAVQ. For such self-financing arms with a history, it is reasonable to expect that the HKCAAVQ will not treat them as freshly established post-secondary colleges but institutions with an academic track record in running a good

range of programmes, based on which the consideration of granting PAA status may well be appropriate.

Recommendation 13:

In view of the historical background of the provision of post-secondary self-financing programmes by publicly-funded institutions, the Government should adopt a pragmatic approach for migration of the relevant self-financing arms of these institutions to the new unified regime under the Post Secondary Colleges Ordinance (Cap. 320) by supporting and facilitating the process, having regard to any possible impact on students and teachers, and flexibly addressing their concerns over linkage with the parent institution and academic accreditation.

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

Membership

Chairman

Professor Anthony CHEUNG Bing-leung

Members

Ir Dr Alex CHAN Siu-kun

Mr Henry FAN Hung-ling

Professor Reggie KWAN Ching-ping

Mr Tim LUI Tim-leung

Professor Julia TAO LAI Po-wah

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 human resource 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.

Annex B**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.	HKAPA	The Hong Kong Academy for Performing Arts	香港演藝學院
12.	HKAS	Hong Kong Art School	香港藝術學院
13.	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

	Abbreviation	English Name	Chinese Name
14.	HKCT	Hong Kong College of Technology	香港專業進修學校
15.	HKIT	Hong Kong Institute of Technology	香港科技專上書院
16.	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
17.	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
18.	HKUST	The Hong Kong University of Science and Technology	香港科技大學
19.	HSUHK	The Hang Seng University of Hong Kong	香港恒生大學
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

	Abbreviation	English Name	Chinese Name
25.	HKSYU	Hong Kong Shue Yan University	香港樹仁大學
26.	TWC	Tung Wah College	東華學院
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.	YCCECE	Yew Chung College of Early Childhood Education	耀中幼教學院
29.	YMCA	YMCA College of Careers	青年會專業書院

Annex C

Graduate statistics of full-time sub-degree graduates since the 2004/05 academic year

Academic Year		2004 /05	2005 /06	2006 /07	2007 /08	2008 /09	2009 /10	2010 /11	2011 /12	2012 /13	2013 /14	2014 /15	2015 /16	2016 /17
<i>Subvented Associate Degree</i>	No. of graduates	1 937	1 647	1 189	427	420	428	344	401	475	402	357	323	334
	Full-time employment	39.7%	36.3%	43.7%	34.5%	35.7%	48.6%	46.0%	51.5%	50.7%	47.1%	38.1%	35.0%	26.8%
	Further studies	56.3%	58.9%	56.0%	60.7%	56.8%	46.8%	50.7%	45.0%	46.2%	48.4%	57.4%	60.2%	66.9%
<i>Self-financing Associate Degree</i>	No. of graduates	3 609	5 763	6 373	7 159	7 211	7 303	8 026	9 468	10 541	13 035	9 061	7 962	8 246
	Full-time employment	29.2%	26.6%	21.6%	22.0%	14.5%	16.9%	18.8%	16.6%	17.4%	16.0%	10.8%	7.4%	7.3%
	Further studies	66.9%	65.9%	74.3%	73.3%	78.8%	76.3%	74.3%	76.7%	74.9%	73.9%	81.8%	84.3%	84.3%
<i>Subvented Higher Diploma</i>	No. of graduates	5 857	6 234	5 966	5 853	6 499	6 680	7 107	7 334	7 498	10 344	8 969	8 855	9 160
	Full-time employment [^]	62.3%	61.2%	60.4%	58.1%	51.4%	57.7%	59.9%	61.0%	60.5%	59.0%	52.8%	56.2%	47.8%
	Further studies	32.2%	32.9%	34.4%	33.9%	38.3%	33.7%	33.6%	31.3%	32.4%	32.9%	38.9%	35.7%	39.3%
<i>Self-financing Higher Diploma</i>	No. of graduates	2 997	3 572	4 040	6 372	7 459	8 097	7 167	7 669	9 271	13 620	8 387	7 983	6 986
	Full-time employment [^]	59.7%	58.0%	49.8%	46.3%	41.7%	45.0%	47.2%	41.1%	41.5%	35.3%	33.7%	29.2%	28.1%
	Further studies	31.9%	35.4%	42.3%	43.4%	47.8%	44.9%	44.0%	45.4%	46.9%	46.7%	50.0%	52.1%	55.2%
Total:		14 400	17 216	17 568	19 811	21 589	22 508	22 644	24 872	27 785	37 401	26 774	25 123	24 726

Note: Not all graduates responded to the exit surveys conducted by their respective institutions. The percentages shown in this table represent the survey respondents only

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

**Key Initial Observations of the Task Force
in its Consultation Document**

- (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.

List of Respondents to the Consultation Document

S/N	Date	Respondents
1	25 Jun 2018	Vet PANG
2	27 Jun 2018	Yuen Fun Monica CHEUNG
3	27 Jun 2018	(A respondent requesting anonymity)
4	27 Jun 2018	Ka Yu FUNG
5	30 Jun 2018	Hiu Yee LAM
6	4 Jul 2018	(A respondent requesting anonymity)
7	4 Jul 2018	KK LAM
8	10 Jul 2018	Joint submission from Presidents of 7 self-financing degree-awarding institutions – Caritas Institute of Higher Education Chu Hai College of Higher Education Gratia Christian College Hang Seng Management College Hong Kong Nang Yan College of Higher Education The Open University of Hong Kong Tung Wah College
9	10 Jul 2018	HKCAAVQ
10	11 Jul 2018	民間青年政策倡議平台
11	13 Jul 2018	Yip-wai LO
12	14 Jul 2018	Po-yuen CHEUNG
13	15 Jul 2018	(A respondent requesting anonymity)
14	18 Jul 2018	Wai LEE
15	21 Jul 2018	(A respondent requesting anonymity)
16	21 Jul 2018	張楚鈴
17	21 Jul 2018	Carol TSO

S/N	Date	Respondents
18	23 Jul 2018	LEUNG Yau-ching
19	25 Jul 2018	FGG
20	29 Jul 2018	Mei WONG
21	30 Jul 2018	UGC
22	2 Aug 2018	民間青年政策倡議平台
23	3 Aug 2018	helpwensh
24	13 Aug 2018	Tung Wah College
25	14 Aug 2018	W CHEUNG
26	15 Aug 2018	Research Centre for Sustainable Hong Kong
27	20 Aug 2018	Charles CHU
28	21 Aug 2018	Hang Seng Management College Student Union
29	22 Aug 2018	Hong Kong Federation of Education Workers
30	22 Aug 2018	Hong Kong Shue Yan University
31	22 Aug 2018	CHAN KY
32	24 Aug 2018	The Open University of Hong Kong
33	24 Aug 2018	Lawrence TSANG
34	24 Aug 2018	C TSANG
35	27 Aug 2018	Hong Kong Institute of Technology
36	27 Aug 2018	Centennial College
37	28 Aug 2018	Hang Seng Management College
38	28 Aug 2018	陳世雄
39	28 Aug 2018	Carrie CHENG
40	28 Aug 2018	HKBU School of Continuing Education
41	29 Aug 2018	(A respondent requesting anonymity)
42	29 Aug 2018	College of Professional and Continuing Education (Poly U CPCE)

S/N	Date	Respondents
43	29 Aug 2018	Lingnan University
44	29 Aug 2018	Hong Kong Professional Teachers' Union
45	29 Aug 2018	民間青年政策倡議平台
46	30 Aug 2018	Candy DONG
47	30 Aug 2018	新民黨
48	30 Aug 2018	高禎禧
49	30 Aug 2018	(A respondent requesting anonymity)
50	31 Aug 2018	Hong Kong Council of Students Union
51	31 Aug 2018	Owen Lee Local Office
52	31 Aug 2018	Hong Kong Art School
53	31 Aug 2018	School of Continuing and Professional Studies, CUHK
54	31 Aug 2018	青年民建聯
55	31 Aug 2018	Caritas Bianchi College of Careers
56	31 Aug 2018	Caritas Institute of Higher Education
57	31 Aug 2018	Hong Kong Association of the Heads of Secondary Schools
58	31 Aug 2018	Federation for Self-financing Tertiary Education
59	31 Aug 2018	UGC-affiliated institutions
60	31 Aug 2018	守護社工兼讀制課程關注組
61	31 Aug 2018	HKU School of Professional and Continuing Education
62	31 Aug 2018	School of Continuing and Professional Education, CityU
63	31 Aug 2018	Gratia Christian College
64	31 Aug 2018	Hong Kong College of Technology
65	31 Aug 2018	自由黨
66	31 Aug 2018	Heads of Universities Committee (HUCOM)
67	31 Aug 2018	Ruby LEE

S/N	Date	Respondents
68	31 Aug 2018	城市智庫教育研究中心
69	31 Aug 2018	盧女士
70	31 Aug 2018	高教公民
71	1 Sep 2018	全民教育局 (HKEd4All)
72	1 Sep 2018	Patricia TSE
73	1 Sep 2018	YMCA College of Careers
74	3 Sep 2018	Vocational Training Council
75	3 Sep 2018	新青權利關注會
76	3 Sep 2018	The Hong Kong Institution of Engineers
77	7 Sep 2018	The University of Hong Kong
78	12 Sep 2018	Yew Chung College of Early Childhood Education

1. Number of eligible Secondary 6 day school students for first-year first-degree (FYFD) and sub-degree places (2017 to 2023)

Year of graduation	2017	2018	2019	2020	2021	2022	2023
No. of day school candidates for the Hong Kong Diploma of Secondary Education Examination (HKDSE)	51 200	50 600	48 100	45 600	43 800	43 300	43 800
No. of day school candidates meeting the general entrance requirements for <u>FYFD</u> admission (A)	<u>20 900</u>	<u>21 300</u>	<u>19 200</u>	<u>18 200</u>	<u>17 500</u>	<u>17 300</u>	<u>17 500</u>
No. of day school candidates meeting the general entrance requirements for <u>sub-degree</u> admission (B)	34 660	35 200	33 700	31 900	30 700	30 300	30 700
No. of day school candidates meeting the general entrance requirements for sub-degree admission but not that for undergraduate studies, i.e. (B) – (A)	<u>13 760</u>	<u>13 900</u>	<u>14 500</u>	<u>13 700</u>	<u>13 200</u>	<u>13 000</u>	<u>13 200</u>

Notes

- 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 at the HKDSE. Based on previous statistics, the percentage of Secondary 6 students attaining 3322 or better at the HKDSE is about 40% of the total Secondary 6 students. The projected figures for 2019 and beyond are based on the assumption that the relevant percentage remains about the same.
- 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 day school candidates attaining such results is about 70%. The projected figures for 2019 and beyond are based on the assumption that the relevant percentage remains about the same.
- The 2017 and 2018 figures are actual while the rest are projected figures, which have not taken into account students other than current HKDSE day school candidates.

DRAFT

2. Supply of FYFD and sub-degree places (2017/18 to 2023/24)

Academic Year	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Publicly-funded FYFD places*	15 170	15 180	15 180	15 180	15 180	15 180	15 180
Self-financing FYFD places^	9 100	9 100	9 100	9 100	9 100	9 100	9 100
Total	24 270	24 280	24 280	24 280	24 280	24 280	24 280
Publicly-funded sub-degree places*	10 800	10 800	10 800	10 800	10 800	10 800	10 800
Self-financing sub-degree places^	21 000	21 000	21 000	21 000	21 000	21 000	21 000
Total	31 800	31 800	31 800	31 800	31 800	31 800	31 800

Note

1. The 2017/18 and 2018/19 figures are actual while the rest is based on the level of 2018/19.
- * Including University Grants Committee-funded FYFD and sub-degree programmes, Hong Kong Academy of Performing Arts FYFD programmes, and subvented sub-degree programmes of the Vocational Training Council.
- ^ 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.