For discussion
on 17 July 2020

FCR(2020-21)65

ITEM FOR FINANCE COMMITTEE

HEAD 156 – GOVERNMENT SECRETARIAT : EDUCATION BUREAU
Subhead 000 Operational expenses
Subhead 700 General Non-recurrent
New Item "Enhancement and Start-up Grant Scheme for Self-financing Post-secondary Education"

Members are invited to approve –

(a) an honorarium at a rate of $165,400 per member per annum for non-local members of the Committee on Self-financing Post-secondary Education;

(b) a delegation of authority to the Secretary for Financial Services and the Treasury to revise the honorarium for non-local members of the Committee of Self-financing Post-secondary Education, having regard to the Civil Service Pay Adjustments in the future; and

(c) a new commitment of $1.26 billion for implementing the proposed Enhancement and Start-up Grant Scheme for Self-financing Post-secondary Education.

PROBLEM

We need to provide an appropriate honorarium for non-local members of the revamped Committee on Self-financing Post-secondary Education (CSPE) in recognition of their contribution to the work of the CSPE. We also need

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to provide targeted support for the self-financing post-secondary sector (the self-financing sector) to encourage institutions to develop their distinct character and niche areas, as well as to launch quality programmes which will better respond to our community needs.

PROPOSAL

2. The Secretary for Education proposes to –

(a) set the honorarium for non-local members of the CSPE at a rate of $165,400 per member per annum, which is the same as that applicable to the non-local members of the University Grants Committee (UGC);

(b) delegate the authority from the Finance Committee (FC) to the Secretary for Financial Services and the Treasury (SFST) to revise the rate at (a) above, having regard to the Civil Service Pay Adjustments in the future; and

(c) create a new commitment of $1.26 billion for implementing the proposed Enhancement and Start-up Grant Scheme for Self-financing Post-secondary Education (the proposed Scheme).

JUSTIFICATION

Honorarium for Non-local Members of the CSPE

3. Pursuant to the recommendation of the Task Force on Review of Self-financing Post-secondary Education (the Task Force) and in line with the policy to promote the parallel development of the publicly-funded and the self-financing sectors, the CSPE has been revamped to strengthen its role and status in respect of the development of the self-financing post-secondary education sector in ways similar to those of the UGC in respect of the publicly-funded sector, with effect from 1 November 2019. After the revamp, the CSPE has taken up an advisory role in fostering strategic coordination of the development direction of the self-financing post-secondary institutions and support for them, as well as reforming the overall regulatory regime for the self-financing sector to enhance the quality of the regulation. The revised terms of reference of the CSPE are at Enclosure 1. Three sub-committees, namely, the Sub-committee on Support Measures, the Sub-committee on Quality Assurance, and the Sub-committee on Regulation and Coordination have been set up under the CSPE to assist the Committee in carrying out its work in a more dedicated manner.

Encl. 1

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4. In addition to having more local members from various sectors, the membership of the CSPE has been expanded to include two overseas experts so that the Committee can benefit from their overseas experience and international perspectives. The current membership of the CSPE is at Enclosure 1.

5. Currently non-official local and non-local members of the UGC (including the Chairman) are provided with an honorarium in recognition of their contribution to the work of the UGC. In line with our policy of enhancing the role and functions of the CSPE in respect of the development of the self-financing sector, we propose to similarly recognise the time and effort CSPE non-official members (including the Chairman) spared on the work of the Committee through providing the same level of honoraria to them –

(a) each non-local member be remunerated at a rate of $165,400 per annum[1]; and

(b) each local member at a rate of $215 per meeting[2].

6. In the case of non-official non-local members, the proposed rate is also commensurate with their standing and expertise. The non-local members are experts in the field of quality assurance and development in higher education and have experience serving on the UGC. Non-local members are expected to visit Hong Kong to attend two to three CSPE meetings each year, on top of two to three additional sub-committee meetings and other meetings as and when necessary. Currently both non-local members are also members of the Sub-committee on Quality Assurance. We propose that the honorarium for the CSPE non-local members take effect on 1 November 2019, in line with the effective date of the revamped CSPE and the term of office of the non-local members.

7. We also propose a delegation of the authority from the FC to the SFST to revise the rate of honorarium for non-local members, having regard to Civil Service Pay Adjustments in the future.

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[1] Generally speaking, non-official service on government boards and committees should be voluntary. However, according to the basic principles laid down by the FC in 1980, an allowance might be considered to cover expenses (e.g. travel, out-of-pocket and related expenses) incurred by non-official members in connection with their duties. A remuneration ceiling was also approved by the FC in 1980. In 1993, the then Secretary for the Treasury was delegated with the authority to approve future revisions of the ceiling by reference to the movement in the Consumer Price Index. The prevailing ceiling is $1,035 per member per attendance. Remuneration higher than the ceiling will be submitted to the FC for approval on a case-by-case basis.

[2] Approval for providing each local member with an honorarium at a rate of $215 per meeting will be sought under delegated authority separately.

Enhancement and Start-up Grant Scheme for Self-financing Post-secondary Education

8. The Government has implemented, over the years, a host of measures to provide direct support for the self-financing post-secondary institutions, as well as subsidies for students pursuing self-financing studies. At the institutional level, in addition to providing land sites at nominal premium or vacant government premises at nominal rent to self-financing institutions under the Land Grant Scheme, other loan and funding schemes have been introduced to support the sector. A summary of the prevailing government support measures for the self-financing sector is at Enclosure 2.

Encl. 2

9. The Government agrees with the Task Force's recommendation that the self-financing post-secondary institutions need more support for developing their distinct character and niche areas, and for launching quality programmes which will better respond to our community needs. In recent years, the Government has leveraged on the self-financing sector in providing more subsidised places in programmes that nurture talent in support of specific industries with keen manpower demand, i.e. through the Study Subsidy Scheme for Designated Professions/Sectors (SSSDP). However, given the need to acquire expensive market-standard equipment/facilities to meet requirements for academic and professional accreditation, the institutions, which do not receive recurrent public subvention, may be financially constrained to develop certain programmes with high start-up costs (e.g. some health programmes, such as physiotherapy, may require an upfront investment of tens of millions of dollars) despite the programmes' high market demand and the availability of government subsidies for students. We believe that with more targeted support, the self-financing sector can better serve Hong Kong's human resources needs and individual institutions can better develop their own strengths and niche areas. The proposed Scheme will also help alleviate the institutions' need to fully recover the set-up costs from tuition fees, thus relieving the financial burden on students.

Scope

10. The proposed Scheme will provide financial support for eligible self-financing post-secondary institutions to develop self-financing sub-degree or undergraduate programmes that meet market needs but require high start-up costs so as to help the institutions launch such programmes in a more timely manner. The financial support will cover the costs of programme and faculty development and improvements to dedicated campus facilities so as to enhance teaching and learning in designated academic areas. We envisage that the programmes would mainly be vocational and professional education and training programmes as well as degree programmes with a strong professional orientation given their close relevance to industries with keen human resources needs. At present, ten key disciplines have

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been identified to have keen manpower demand under the SSSDP, namely Architecture and Engineering, Computer Science, Creative Industries, Financial Technology, Health Care, Insurance, Logistics, Sports and Recreation, Testing and Certification, and Tourism and Hospitality. It is expected that a majority of proposals supported under the proposed Scheme will cover programmes falling under these disciplines. The Government will continue to review the manpower needs of industries and identify those industries with keen manpower needs, and to share such relevant information with institutions. Institutions will also have the flexibility to submit applications for programmes as they see fit with relevant supporting information that demonstrates the programmes' fulfilment of the prescribed criteria set out in paragraph 15 below.

11. The proposed Scheme should primarily support non-works project proposals or the provision of dedicated facilities for designated programme areas requiring specialised infrastructure and equipment. Financial resources for building permanent college campuses or refurbishing vacant government premises allocated to institutions for general purposes to enhance teaching and learning, as well as the development of student hostels, should not be eligible for this Scheme but should continue to be considered under the Start-up Loan Scheme for Post-secondary Education Providers. The proposed Scheme only provides non-recurrent funding for the development of designated programmes and is consistent with the Government's established policy of not providing recurrent public subvention to the self-financing sector.

Eligible Institutions

12. Applications under the proposed Scheme are confined to those to be submitted by the following institutions, which are independent non-profit-making education institutions providing full-time locally-accredited local sub-degree or undergraduate (including top-up degree) programmes –

(a) The Open University of Hong Kong;

(b) approved post-secondary colleges under the Post Secondary Colleges Ordinance (Cap. 320)[3]; and

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[3] As at December 2019, there are 11 approved post-secondary colleges under Cap.320, including Caritas Institute of Higher Education, Centennial College, Chu Hai College of Higher Education, Gratia Christian College, The Hang Seng University of Hong Kong, HKCT Institute of Higher Education, Hong Kong Nang Yan College of Higher Education, Hong Kong Shue Yan University, Tung Wah College, UOW College Hong Kong, and Yew Chung College of Early Childhood Education.

(c) post-secondary institutions registered under the Education Ordinance (Cap. 279)[4].

13. Publicly-funded institutions and their self-financing arms are not eligible for the Scheme unless they have made concrete plans and commitments for migration to the regulatory regime under Cap. 320, in which case funding for their approved projects should only be disbursed upon their successful registration under Cap. 320[5]. This is in line with the Government's practice in recent years to provide exclusive resources to the group of independent self-financing institutions under the parallel development policy in higher education as well as with the Task Force's recommendation that additional support measures should target those self-financing institutions that will come under the regulatory regime to be reformed under this policy. Proposals for the development of non-local programmes by operators that are not registered under Cap. 279 or Cap. 320 are not eligible for the Scheme either[6].

Processing Procedures and Criteria

14. Each eligible institution may submit up to two programme proposals in each and every application round, with no cap on the maximum number of approved programme proposals for each institution as long as funding is still available under the proposed Scheme.

15. The CSPE will advise on the comparative merits of the proposals, having regard to the following –

(a) whether a programme under application is able to nurture talent for a specific industry that has been identified with a strong human resources need/gap that has not been filled;

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[4] As at December 2019, there are six post-secondary institutions registered under Cap. 279, namely 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.

[5] At present, the prevailing Cap. 320 provides for a regulatory regime for self-financing post-secondary education institutions in respect of registration requirements, quality assurance, governance, etc. However, the self-financing arms of the publicly-funded institutions are governed by their respective ordinances and the requirements under Cap. 320 do not apply to them. The Education Bureau (EDB), in consultation with the CSPE, is formulating proposals to update and modify the regulatory regime under Cap. 320 to provide for an effective mechanism to uphold the quality of self-financing post-secondary education.

[6] Non-local programmes are not eligible because under the relevant legal requirements, for a non-local course to register and operate in Hong Kong, there ought to be a mirror programme in the home country in which the non-local programme is delivered. The Scheme is therefore not applicable to non-local programmes by operators that are not registered under Cap. 279 or Cap. 320.

(b) whether the programme under application is in line with the institution's strategic positioning in the sector and its academic development plan; and

(c) the programme design, costs, financial sustainability, student admission plan, and any other relevant factors.

Funding

16. Funding will generally be allocated on a programme basis with a funding cap of $42 million[7] for each proposal. Funding beyond the cap may be provided for projects costing more than $42 million on a case-by-case basis, subject to the actual utilisation of funds of the proposed Scheme and merits of the proposal as advised by the CSPE.

17. The proposed Scheme may not be able to finance the full costs of a non-works project of or the facilities needed by an approved programme. A participating institution should undertake to bear any other costs of the approved programme within and after the project approval period, and to admit consecutively at least a certain number of cohorts of students, namely, one that doubles the years of the approved project period[8].

Monitoring and Controls

18. For each approved proposal, the institution concerned will be required to submit progress reports to the EDB annually, which will disburse funding subject to the acceptance of the progress reports. General administration and monitoring of the projects will be carried out by the EDB with progress reports to be submitted to the Sub-committee on Support Measures of the CSPE as appropriate. The CSPE will be consulted on any major alteration or cancellation of approved projects. The EDB reserves the right to terminate the grant and seek full or partial repayment of the funding already granted for the project should the institution fail to fulfil the requirements under the proposed Scheme.

Application Cycle

19. Subject to the funding approval by the FC, the proposed Scheme will be open for applications by the end of 2020. Applications under the proposed Scheme will be invited once every year (the exact opening date and offer date to be

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[7] The Scheme with $1.26 billion funding should therefore be able to finance at least 30 programmes.

[8] For instance, if a programme proposal is approved with a three-year period, the institutions should at least admit students in six consecutive years (i.e. six cohorts of students).

decided by the CSPE after the funding approval from the FC is obtained for the Scheme), until the funding is fully utilised. The Government will consider in a timely manner whether additional funding will be allocated to the Scheme, having regard to prevailing needs of the self-financing sector and the effectiveness of the Scheme.

FINANCIAL IMPLICATIONS

Recurrent Expenditure

20. Subject to the FC's approval for non-local members' honoraria, the EDB will deploy existing resources to meet the annual funding requirements for providing honoraria for the non-local members of the CSPE, which is estimated to be $330,800[9].

Non-recurrent Expenditure

21. The proposed Scheme will involve a non-recurrent funding of $1.26 billion and has no recurrent implications for the Government. For indicative purposes, the estimated cash flow requirement from the 2020-21 to 2027-28 financial years is shown in the table below. The estimation is based on the assumptions that four or five applications will be approved per year with funding at the cap of $42 million to be allocated evenly over a two-year project period and that a total of around 30 programmes will be financed –

	Financial Year								
	2020-21	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**Total**
Estimated Cashflow ($ million)	84	168	168	168	168	189	210	105	1,260

The actual cash flow requirement will depend on the number of proposals received and approved each year and the progress of project delivery. Sufficient provision has been earmarked in the 2020-21 Estimates to meet the funding requirements of the year. We will include sufficient provisions in the Estimates of subsequent years to meet the cash flow requirements.

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[9] The estimated funding requirement is based on the proposed honorarium rates and the current membership of the CSPE which includes two non-official non-local members.

PUBLIC CONSULTATION

22. We consulted the Legislative Council Panel on Education on the proposals on 5 June 2020. Members generally supported the submission of the proposals to the FC for consideration, with clarifications sought on the scope of the programmes covered under the proposed Scheme and views that the enrolments at some self-financing post-secondary education programmes were low, casting doubt on further financial support for all the self-financing post-secondary institutions. At the meeting, EDB explained that the proposed Scheme is expected to support mainly programmes with a strong professional orientation that falls under the disciplines identified to have keen manpower resources needs. The CSPE will be responsible for assessing the applications under the proposed Scheme such that only meritorious proposals will be approved. This is in line with the Government's policy to support institutions in developing their distinct character and niche areas.

BACKGROUND

23. Two prominent bodies have been advising the Government on policy matters relating to the development of our higher education sector in Hong Kong – broadly speaking, the UGC on the publicly-funded sector, and the CSPE on the self-financing sector. 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. Before the revamp, the CSPE was operating as an advisory committee with no resource allocation role for the self-financing sector.

24. The Task Force, chaired by Professor Anthony Cheung Bing-leung, published its review report in December 2018. A list of recommendations made by
Encl. 3 the Task Force is available at Enclosure 3. In particular, the Task Force suggested that the CSPE should act as a champion for enhancing the development and quality of the self-financing post-secondary sector in much the same way as the UGC serves to promote excellence in teaching, learning and research in the subvented higher education sector. The Government has accepted the report and is following up on the Task Force's recommendations. As a first step, the Government has decided to strengthen the role and functions of the CSPE to offer strategic and policy advice on the development of the self-financing sector, including measures to facilitate, support and co-ordinate the development of the self-financing sector in its operation, quality and governance.

Education Bureau
July 2020

Enclosure 1 to FCR(2020-21)65

Committee on Self-financing Post-secondary Education

Terms of Reference

The Committee on Self-financing Post-secondary Education shall, in the light of the community's needs, advise the Secretary for Education on –

(a) macro and strategic issues of common interest to the self-financing post-secondary education sector, including quality enhancement and strategic coordination of the positioning and development of self-financing post-secondary institutions;

(b) support for and regulation of the self-financing post-secondary education sector; and

(c) any issues relating to post-secondary education which the Education Bureau may from time to time refer to the Committee.

In discharging its functions, the Committee may set up sub-committees, conduct studies, engage professional services and co-opt members as and when necessary.

Membership *(as at 1 November 2019)*

Chairman

Professor Anthony CHEUNG Bing-leung

Members

Professor Chetwyn CHAN Che-hin
Mr Francis CHENG Cho-ying
Professor Ronald CHUNG Chi-kit
Professor Adrian DIXON*
Professor Mark KAMLET*
Professor Reggie KWAN Ching-ping
Ms Norris LAM Man-ngar
Mr Andrew LAM Siu-lo
Professor William LEE Keng-mun
Mrs Ruth LEE SHEK Yuk-yu
Ms Jacqueline Alee LEUNG
Ms Carrie LEUNG Ka-lai
Professor PONG Ting-chuen

/Professor …..

Professor Isabella POON Wai-yin
Professor Julia TAO LAI Po-wah
Mr Wilfred WONG Kam-pui
Ms Winnie YEUNG Cheung-wah
Chairman of Hong Kong Council for Accreditation of Academic and Vocational Qualifications or his representative
Chairman of University Grants Committee or his representative
Deputy Secretary for Education (1)

* non-local members

Secretary

Principal Assistant Secretary (Further Education)

Prevailing Government Support Measures for the Self-financing Post-secondary Sector

For institutions

(a) **Land Grant Scheme** – It provides land sites at nominal premium or vacant government premises at nominal rent to self-financing non-profit-making post-secondary institutions. Since the launch of the Scheme in 2002, 11 land sites and eight vacant government 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 campuses, the reprovisioning of existing campuses operating in sub-optimal environment and the enhancement of teaching and learning facilities. Of the total commitment of $9 billion, 40 loans amounting to about $7.7 billion had been approved for 18 institutions as at April 2020. 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** – 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 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 31 000 students have been granted awards/scholarships and over 70 projects have been approved; over $800 million has been provided under the Fund to benefit the sector;

(d) **Qualifications Framework** (QF) **Fund** – The designated support scheme for QF, which is supported by the QF Fund established with $1 billion, 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 Government injected $1.2 billion into the QF Fund in 2018 to also support various schemes/initiatives for QF development, QF-related studies/projects and public education;

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(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 ended in July 2019, with nearly $500 million matching grants provided to independent local self-financing degree-awarding institutions;

(f) **Research Endowment Fund** (REF) - An $18 billion Research Endowment Fund was established in 2009. The Government further injected $5 billion in 2012 and $3 billion in 2018 to this University Grants Committee-administered Fund. Part of the investment income of the Fund is used to support the self-financing degree sector on a competitive basis to enhance academic and research development. Following the approval by the Finance Committee of the Legislative Council in June 2019, the fences of the different pots of the REF had been lifted off and an additional $20 billion was injected to the Fund. After six rounds of funding exercises, the total funding awarded for the self-financing sector is about $438 million.

For students

(g) **Study Subsidy Scheme for Designated Professions/Sectors** (SSSDP)[Note] – 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 cohorts of the pilot run, SSSDP was regularised in the 2018/19 academic year with an increase in the subsidised quota to about 3 000 places per cohort. Eligible continuing students of selected programmes can also claim the subsidy under the recurrent Scheme. Starting from the 2019/20 academic year, the Scheme has been expanded 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)[Note] – Starting from the 2017/18 academic year, a non-means-tested annual subsidy of about $30,000 has been provided to

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[Note] 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.

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 enrolling in subsidised places 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.

List of recommendations by the Task Force on Review of Self-financing Post-secondary Education

(a) 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.

(b) 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.

(c) 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.

(d) 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.

(e) 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.

(f) 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

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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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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

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ensuring that institutions can fully demonstrate their competency in continuing to offer an appropriate level of self-financing post-secondary programmes.

(l) 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.

(m) 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.
