

**REVIEW OF THE
POST-SECONDARY EDUCATION SECTOR**

Education and Manpower Bureau

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INTRODUCTION

Background

1. Hong Kong is moving fast into a knowledge-based economy. To improve the competitiveness of our workforce and upgrade the quality of our manpower, the Chief Executive announced a policy objective in 2000 that within ten years, 60% of our senior secondary school leavers would receive tertiary education.

2. The prime objective of the policy is to provide more education opportunities for our senior secondary school leavers who wish to pursue further full-time studies. In support of this policy, over the past five years we have been focusing our efforts and resources on the promotion of locally accredited post-secondary programmes which admit Secondary 5 and 7 graduates.

3. Since 2000, the growth in the number of self-financing places at both degree and sub-degree levels has been phenomenal. The post-secondary education participation rate has increased from about 33% in the 2000/01 academic year to an estimated 66% in the 2005/06 academic year.

Review of Post-secondary Education Sector

4. We believe that the community as a whole welcome our achievement of the target participation rate ahead of our planned schedule. They should also recognize that the increase in post-secondary education opportunities has not just brought more learning places but also a wider choice of avenues for progression.

5. The pace of development, however, has attracted some questions and concerns about whether and how quality is being assured; whether sub-degree holders have a good prospect for further studies and employment; to what extent comparable standards and operating environment are being maintained between the self-accrediting institutions and other service providers; and where we should go from here, now that we have achieved the 60% target. Some of these questions may have arisen from the limited understanding of this fast developing sector, and call for more explanation and public recognition. Some are valid and legitimate concerns expressed by the operators themselves as the sector matures and the competition intensifies.

6. We believe it is time for us to review the development and map out future plans. In conjunction with service providers, quality assurance agencies and members of the community, the Education and Manpower Bureau has initiated a review of the post-secondary education sector to take stock of developments since announcement of the 2000 policy objective. The review focuses on full-time accredited post-secondary programmes operating on a self-financing basis, which is the major area of development for our policy purposes.

The Steering Committee

7. The Education and Manpower Bureau established a Steering Committee (SC) to oversee the review. Its Membership and Terms of Reference are at **Annex A**.

8. Between August 2005 and January 2006, the SC met 5 times and completed its deliberations on Phase 1 of the Review which covers the following aspects –

- ◆ Post-secondary education opportunities
- ◆ Government's support measures for service providers
- ◆ Dynamics among service providers
- ◆ Quality Assurance
- ◆ Articulation and employment prospect of graduates

9. The Chairman of the SC has also made use of established mechanisms to consult the Education Commission, service providers and student bodies on the Review. Views of the service providers were also reflected by the Federation for Continuing Education in Tertiary Institutions (FCE) which has invited non-member institutions to join its discussions on this Review. The Bureau would like to thank all Members of the SC, as well as parties who have contributed to this exercise.

10. Phase 1 of the Review mainly takes stock of the development of the post-secondary sector since the announcement of the 2000 policy objective; presents the issues discussed; and summarizes the views and recommendations received. It aims to give the relevant

stakeholders and the community at large a general picture of what has been achieved so far, and to identify areas that require further attention and deliberations. We welcome views from all sectors of the community on the findings of Phase 1 of the Review to facilitate our consideration on the way forward.

11. Subject to the views collected on this stock-taking exercise, the SC intends to start working on Phase 2 of the Review, which will focus on implementation details of the recommendations arising from Phase 1 of the Review, and other higher level and structural issues. Issues to be examined in the second phase of the Review will include, amongst others, effectiveness of the existing regulatory framework for accredited post-secondary education programmes; overseas practices and experiences; and merits of pursuing new initiatives to further facilitate the robust development of the post-secondary sector.

CHAPTER 1: POST-SECONDARY EDUCATION OPPORTUNITIES

12. This Chapter examines the availability of post-secondary education opportunities to senior secondary school leavers, in terms of the provision of local full-time accredited post-secondary programmes and student places since the 2001/02 academic year. We will comment on the progress made in this regard, against the Government's policy objective that 60% of our senior secondary school leavers would have access to post-secondary education by 2010. The focus is on local programmes which admit Secondary 5 and 7 graduates.

Supply of student places

13. The Table below shows the planned provision of full-time student places for fresh intakes since the 2000/01 academic year, based on information provided by operators. It can be seen that the growth in the number of self-financing places at both degree and sub-degree levels has been phenomenal. Indeed, the share of self-financing places at these levels has increased from 10% to slightly over 50% during this period, indicating the emergence of a robust self-financing post-secondary education sector.

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Bachelor's Degree						
Publicly-funded	14601	14582	14590	14586	14584	14802
Self-financing	0	245	490	958	1922	2550
<i>Sub-total</i>	<i>14601</i>	<i>14827</i>	<i>15080</i>	<i>15544</i>	<i>16506</i>	<i>17352</i>
Sub-degree						
Publicly-funded	6929	7208	8511	9527	9391	9576
Self-financing	2468	5951	7752	10032	16362	22994
<i>Sub-total</i>	<i>9397</i>	<i>13159</i>	<i>16263</i>	<i>19559</i>	<i>25753</i>	<i>32570</i>
Total	23998	27986	31343	35103	42259	49922

[2005/06 figures are based on institutions' returns in June 2005].

Participation rate

14. For the purpose of monitoring the availability of education opportunities to our senior secondary school leavers, we work out a

“participation rate” using this formula –

$$\frac{\text{Student places of relevant courses* at intake level}}{\text{Average population of the 17-20 age cohort}}$$

* “Relevant courses” cover all locally accredited full-time courses at sub-degree and undergraduate levels which admit senior secondary school leavers and those who have not yet reached sub-degree level, as well as an estimate of the number of students pursuing studies outside Hong Kong at these levels.

15. The same formula has been used since the 2001/02 academic year. Based on the data at paragraph 13 above and updated population figures, the increase in participation rate since 2000/01 is as follows –

2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
33%	38%	43%	47%	57%	66%

16. We expect the participation rate to increase further as expansion projects supported by government loans and/or land grants are completed in the next few years (for details, please see Chapter 2).

Actual intake

17. The above participation rates, as indicators of education opportunities available, do not reflect actual enrolment. For the purpose of this Review, however, we may wish to examine enrolment figures which to a certain extent demonstrates how well received the new education opportunities are. Based on information provided by operators, the enrolment figures at intake level for full-time locally accredited post-secondary programmes since the 2000/01 academic year are as follows –

	2000/01	2001/02	2002/03	2003/04	2004/05
Bachelor’s Degree					
Publicly-funded	14537	14665	14936	14754	14828
Self-financing	N/A	285	605	1030	1353
<i>Sub-total</i>	<i>14537</i>	<i>14950</i>	<i>15541</i>	<i>15784</i>	<i>16181</i>
Sub-degree					
Publicly-funded	6846	7634	9623	10788	9813
Self-financing	2621	5546	6832	8317	17077
<i>Sub-total</i>	<i>9467</i>	<i>13180</i>	<i>16455</i>	<i>19105</i>	<i>26890</i>

Total	24004	28130	31996	34889	43071
as % of provision	100%	101%	102%	99%	102%

Programme Types

18. The increase in self-financing student places corresponds to an increase in the number of programmes, as shown below –

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Degree	-	3	7	11	26	40
Sub-degree	20	38	77	112	173	227
Total	20	41	84	123	199	267

19. These self-financing programmes encompass a variety of academic categories. In terms of areas of studies, Business and Administration has all along been a major area, covering about half of all the programmes offered. This is followed by Science & Technology and Arts & Social Sciences, the former becoming more popular recently. Other disciplines include General Studies, Education and Languages. Charts showing the share of student intakes by areas of studies are at **Annex B**.

20. As regards the publicly-funded sector which covers University Grants Committee (UGC)-funded institutions, the Vocational Training Council (VTC) institutions and the Hong Kong Academy for Performing Arts (HKAPA), a major development during the period is the sharpening of focus at the sub-degree level, whereby from the 2004/05 academic year onwards, only those programmes meeting specified criteria will continue to be subvented by the Government. The three specified criteria are -

- (a) courses that require high start-up and maintenance costs or access to expensive laboratories/ equipment;
- (b) courses that meet specific manpower needs; and
- (c) courses that can be regarded as endangered species (i.e. those that lack market appeal to the provider and the average student, such as pure arts or science).

21. Otherwise, programme types remain largely the same as

those prior to the 2000/01 academic year, except where institutions have made adjustments to their academic development plans in accordance with their roles and missions.

Discussion

Overall provision

22. Significant progress has been made since the 2000 Policy Address to increase post-secondary education opportunities for our senior secondary school leavers. Participation rate has increased steadily; it has reached, and indeed exceeded, the 60% target five years ahead of schedule. Overall speaking, actual enrolment against planned provision is satisfactory, indicating a genuine demand for post-secondary education which is met by a market-responsive self-financing sector in a timely manner.

23. Apart from an increase in number, this development also has fundamental and far-reaching impact on the landscape of our post-secondary education sector. Firstly, the expansion is made possible essentially by private resources, in the form of self-financing programmes which now dominate the sub-degree market. Self-financing degree programmes have also emerged, suggesting a prospect for more comprehensive developments, such as private universities, in Hong Kong in the long run.

24. Secondly, the introduction of new sub-degree programmes, notably Associate Degree (AD) programmes, has enlivened the post-secondary education sector and contributed to the development of multiple progression pathways. For senior secondary school leavers, sub-degree education has become a popular and serious alternative to direct entry into universities.

25. All in all, the community has demonstrated a readiness to invest in post-secondary education. We recommend that self-financing programmes should continue to play a key role in driving and sustaining the development of this sector.

[Recommendation 1](#) : As the community has demonstrated a readiness to invest in post-secondary education, we recommend that self-financing programmes should continue to play a key role in driving and sustaining the development of this sector.

Diversity

26. A self-financing mode means that the programmes can be more responsive to market and manpower needs. It also means, however, that they are subject to market forces and commercial viability. This may be a concern to some providers who, for educational reasons and wider social benefit, wish to offer a wider range of courses, including those which are too costly to be financed by tuition fee income alone, if the fee is to be set at an affordable level. There are suggestions that Government may consolidate market information, set a long term vision for the sector, and provide the resources needed to promote diversity.

27. We have reassured parties concerned that Government is prepared to continue subsidizing costly courses and other courses meeting the funding criteria. According to established practice and funding mechanisms, publicly-funded institutions will draw up academic development plans with reference to estimated manpower projections provided by the government, and they can propose to offer new sub-degree programmes as appropriate to their roles and strengths.

28. In addition, there are at present 22 professional bodies coming from the business, engineering, finance, accounting, IT and logistics sectors which recognize our AD qualifications for the purpose of granting exemptions from parts of their professional examinations. We believe that these professional bodies as well as employers at large will play an important role in shaping the development and facilitating the diversity of our self-financing post-secondary programmes. In future, the introduction of the Qualifications Framework (QF) and the establishment of Industry Training Advisory Committees (ITACs) will also help guide the development of education and training programmes. We are confident that the provision of sub-degree programmes can in overall terms meet community needs. We therefore recommend that the provision of self-financing post-secondary courses should primarily be

demand-led, and that the Government should be prepared to increase the provision of publicly-funded sub-degree courses where justified, having regard to established funding criteria.

Recommendation 2 : As the existing provision of sub-degree programmes can in overall terms meet community needs, we recommend that provision of self-financing post-secondary courses should primarily be demand-led, and that Government should be prepared to increase the provision of publicly-funded sub-degree courses where justified, having regard to established funding criteria.

29. In terms of the types of sub-degree programmes, AD and Higher Diploma (HD) are the two most common ones in Hong Kong. There have been suggestions that there should be a clearer distinction between the two, so that both students and employers can easily identify the courses and qualifications they look for. However, we acknowledge that a clear line may not be easily drawn. While AD is more broad-based, it also prepares students for both work and further studies. On the other hand, it would not be helpful to equate HD with vocational training, as the trend is to enhance its generic elements. We recommend that the Government should continue to promote both HD and AD as alternative progression pathways leading to qualifications at comparable academic level, and that there should be no difference between HD and AD in terms of government subsidy or support measures. We also respect the professional judgement of service providers and quality assurance agencies, and their initiatives to draw up descriptors for the different types of sub-degree programmes for common reference if necessary.

Recommendation 3 : We recommend that Government should continue to promote both HD and AD as alternative progression pathways leading to qualifications at comparable academic level, and that there should be no difference between HD and AD in terms of government subsidy or support measures.

Where we stand and where to go

30. Having attained the policy objective of providing education opportunities for 60% of our senior secondary school leavers, it is for consideration whether Hong Kong should aim higher. It may be useful to note how other countries or regions are doing, but a strict comparison of our participation rate with international indicators is not appropriate because they serve different purposes and have different definitions. [Relevant international indicators are set out at **Annex C.**] The OECD's Net Enrolment Rate, for instance, shows the enrolment figure of students of a particular age group as a percentage of the population in that age group. The UNESCO Gross Enrolment Ratio, however, refers to the total enrolment in a specific level of education (regardless of age) as a percentage of the population in the theoretical school-age group corresponding to the same level of education.

31. The rapid increase in sub-degree places is producing a large number of graduates, many of whom would aspire to proceed to degree-level studies. The pressure on providing more articulation places, in particular in the publicly-funded sector, is strong. In Chapter 5, we will examine the career and further education prospects of graduates of local sub-degree programmes.

32. Meanwhile, some institutions have been planning for a further increase in student numbers. As they get closer to meeting in full local demands, new government policies which promote internationalization of our student body and facilitate the admission of non-local students (in particular those from the Mainland) to different types of post-secondary courses will open up other student sources and lead the sector into a new phase of development. In fact, to achieve the policy objective of developing Hong Kong as the Education Hub in the region, the Government has relaxed the immigration control in respect of the types of institutions and programmes which could admit non-local students (including students from the Mainland) with effect from the 2005/06 academic year.¹ In respect of full-time self-financing

¹ Students from the Mainland may now enter Hong Kong for enrolment in all full-time and locally accredited programmes at degree and above levels provided by local higher education institutions with degree-awarding powers, whereas those admitted by higher education institutions for enrolment in a locally accredited sub-degree programme may come to Hong Kong for study on a personal basis. Macau and Taiwan students are also allowed to enter

programmes below post-graduate level, students from the Mainland, Macau and Taiwan may be admitted up to 10% of the actual local student enrolment in the same programmes offered by the individual institution in the preceding year. We understand that our post-secondary institutions have achieved satisfactory results in recruiting non-local students since the implementation of the above measures. In the longer term, we hope that through admission of more non-local students, our post-secondary education can be a major driving force in making Hong Kong the Education Hub of the region.

33. To this end, we must be vigilant about maintaining a high standard of education, and must ensure that expansion of the post-secondary education sector will not be at the expense of quality. This issue will be further discussed in Chapter 4.

34. In view of the above, while the policy target of achieving 60% participation rate should not be regarded as an absolute limit restricting the development of the post-secondary sector, we recommend that more emphasis should now be put on consolidation of the sub-degree sector, development of articulation pathways, and quality enhancement at all levels. Strengthening our post-secondary sector in these aspects will not only benefit local students, but also enable our institutions to attract non-local talents and compete at the international level.

Recommendation 4 : The policy target of achieving the 60% participation rate should not be regarded as an absolute limit restricting the development of the post-secondary sector. That said, we recommend that more emphasis should now be put on consolidation of the sub-degree sector, development of articulation pathways, and quality enhancement at all levels.

CHAPTER 2: GOVERNMENT'S SUPPORT MEASURES

35. This Chapter examines the effectiveness of the various measures introduced by the Government in 2001 and 2002 to support the development of the self-financing post-secondary education sector, and makes recommendations on the way forward.

36. The focus is on support measures for course providers. The Government also provides financial assistance for students pursuing self-financing post-secondary courses. As that is the subject of a separate study conducted by the Education and Manpower Bureau, the deliberations in that context will not be repeated here. This Report will nonetheless highlight relevant comments and recommendations that have arisen in the course of the Review, so that they can be taken into account in the formulation of student financial assistance policies.

The Support Measures

37. To allow 60% of our senior secondary school leavers to receive post-secondary education, the 2000 Policy Address envisaged that about 28 000 additional intake places would be required by the year 2010. To achieve this target, the Government was prepared to provide land and one-off loans to course providers, and extend financial assistance to needy students. The full package of support measures subsequently drawn up also addressed the needs of course development and recognition of exit qualifications. It therefore also includes the promulgation of common descriptors for Associate Degree (AD) programmes, provision of grants to assist course providers in academic accreditation, and acceptance of accredited local AD qualifications for appointment to civil service grades.

Start-up Loans

38. With the approval of the Finance Committee of the Legislative Council in 2001, \$5 billion was earmarked initially for loans to non-profit-making course providers who operate "self-financing, full-time accredited post-secondary programmes leading to a qualification at or above the level of higher diploma, associate degree or professional diploma".

39. Eligible course providers may, depending on their operational needs and track record, apply for “short-term loans” for renting college premises, or “medium-term loans” for purchasing or building permanent campuses. Individual loan amounts are determined with reference to the projected number of students covered by that loan application, as well as the provider’s estimated start-up expenses, subject to a loan ceiling per student. The loans are interest-free, but have to be repaid within ten years after final drawdown.

40. Start-up Loans are public money. To ensure that they are used for the specified purposes and repaid as scheduled, we require Borrowers to sign a Loan Agreement, and to offer securities to protect the interest of the Government as Lender in the case of default. An independent Vetting Committee (VC) advises the Government on the merits of individual loan applications, as well as on the policy and execution of the scheme itself.

41. As at 31 December 2005, the Government has launched 12 application exercises and, on the recommendation of the VC, 8 short-term and 14 medium-term loans to 14 institutions, amounting to some \$4 billion in total, have been approved. Details are at **Annex D**. Of these loans, 13 have been fully disbursed and have entered the repayment period. Repayment is generally on schedule.

Land Grants

42. The Government established a formal policy in 2002 to grant sites to non-profit making educational institutions for the construction of purpose-built college premises to provide full-time, accredited and self-financing post-secondary programmes. Sites are granted at nominal premium for an initial term of ten years by private treaty grant, which is co-terminus with a ten-year service agreement between the grantee and the Government. The service agreement binds the grantee to its proposal on college development, and also the standards, quality and quantity targets of its education programmes, which justified the land grant in the first place.

43. As in the case of Start-up Loans, an independent Selection Committee has been set up to advise the Government on the assessment of applications and the allocation of sites.

44. When introducing the Land Grant Scheme, we estimated that about 480,000m² of floor space would be required to accommodate an additional student population of 82 400 (based on a sector average of 5.78m² per student), and that about 14 sites within the range of 2,000m² to 7,000m² would be required to meet the demand. Since then, we have made available a total of 8 sites for application in two exercises, and allocated 5 of them through open competition having regard to the merits of the individual proposals. Details are at **Annex E**.

45. Allocation of new sites, nonetheless, is not the only way to address the institutions' accommodation needs. To maximize the use of available premises, we encourage post-secondary course providers to expand in situ, and welcome proposals from other school operators to make use of their school sites to offer post-secondary programmes. Course providers may also lease or purchase properties in the market, and apply for Start-up Loans to meet the costs. These strategies have been successful in meeting part of the demand, as described at **Annex F**.

Accreditation Grants

46. The Government has set aside \$30 million to assist course providers who do not have a self-accrediting status to pursue academic accreditation with the HKCAA. By reimbursing them in full the fees of successful Institutional Reviews, and on a matching basis those of individual Programme Validations, the scheme seeks to relieve their burden in the initial years of operation, thus allowing them to gear up their capacity and meet other start-up expenses without passing the costs on to the first few cohorts of students. These course providers, in particular the small and new ones, will then be better placed to compete with self-accrediting institutions who only need to pay for their own internal accrediting process.

47. As at 31 December 2005, 12 institutions have benefited from this scheme. The accreditation grants they received, in respect of 9

Institutional Reviews and 45 Programme Validations, amount to about \$15 million. Details are at **Annex G**. As the objective is to facilitate the emergence of a critical mass of self-financing course providers and programmes, the scheme is designed to be time-limited, and assistance is not provided for periodic reviews or revalidations. When the bulk of course providers are up and running, we expect market forces to take their course.

Discussion

How the support measures have contributed to the sector

48. The purpose of introducing the support measures in question is to attract course providers and assist them in college and academic development, thereby increasing post-secondary education opportunities for our senior school leavers. On the understanding that all course providers are subject to satisfactory quality assurance mechanisms, and will work on the same set of common descriptors for the newly introduced AD programmes, we were content to leave the development to market forces. We appreciate that course providers have their different missions and visions, and different strategies in responding to market needs. The Government's role is therefore to facilitate them in these pursuits, in the overall interest of the community.

49. The rapid expansion of the self-financing post-secondary education sector that brings our participation rate of the 17-20 age cohort from some 33% to 66% in just 5 years' time suggests that there is no shortage of willing and successful course providers. Many of them have also made good use of the financial and land resources that the Government provides, without which development could have been much slower, if at all possible. Taking a macro view of the sector as a whole, one may consider that Government's support measures have been effective in achieving the expansion we desire.

50. For course providers who have benefited from the schemes, compliance with the terms and conditions is generally satisfactory. Provisions in the agreements between course providers and the Government have also safeguarded public interest in exceptional cases of

non-compliance.

The competitive process

51. In operating the existing schemes, we are aware that some course providers feel disadvantaged because the vetting of applications is stringent and competition is keen. In evaluating loan and site applications in particular, the Government has to strike a balance between helping course providers and prudent use of public resources. In some cases, the expectations of individual applicants could not be fully met although resources were available.

52. At **Annex H** are the general aspects that the Vetting Committee and Selection Committee will examine when evaluating loan and site applications. Details of the schemes (scope, eligibility criteria, operating parameters, assistance levels, etc.) are at **Annex I**.

Room for improvement

53. We have taken the opportunity of this Review to examine the design of individual schemes to see if they are able to address the needs of users.

54. Regarding the Start-up Loans, there are suggestions to extend the loan-repayment period, but views are diverse regarding the merit of doing so. On the one hand, institutions may see this as an effective way to ease their cashflow problems. On the other hand, the loan applications often show sound business plans based on a ten-year repayment period. As extending the repayment period of interest-free loans means additional subsidy to the borrower, one must consider how public resources could be put to the best use. Concessions may be better justified if the service providers concerned undertake to reduce tuition fees correspondingly. Even if government is prepared to extend the repayment period, the new arrangement will only apply to future borrowers, and this may undermine the competitiveness of the existing borrowers.

55. Some of the parties consulted consider that support measures

which only help the strong players will be detrimental to the development of the sector, and that offering bigger loans and sites may only increase the financial burden of service providers and induce concentration of programmes in market-popular areas. They see a need to revisit the purpose and direction of the support measures.

Resources

56. While individual institutions may still have scope for expansion, we recommend that the remaining resources under the Land Grant and Start-up Loan Schemes should be used with a clear emphasis on enhancing the quality of service provision and encouraging diversity, rather than solely for increasing student places.

Recommendation 5 : We recommend that the remaining resources under the Land Grant and Start-up Loan Schemes should be used with a clear emphasis on enhancing the quality of service provision and encouraging diversity, rather than solely for increasing student places.

57. When introducing the schemes, we have estimated that the funding for loans and sites that we have made available so far should be adequate in meeting at least the demand in the first 5 years. As it turns out, the target participation rate of 60% has already been achieved with the present level of assistance. Bearing in mind that the interest forgone for Start-up Loans is substantial, there may not be a strong justification for further injection of resources to support a policy objective which has largely been met. That said, we recognize that there is still a demand for sites. In some cases, accommodation is badly needed not only for expansion, but also for maintaining and enhancing existing services. The Government should therefore continue to identify suitable sites to meet service demands.

Recommendation 6 : There are still some remaining public resources under the Land Grant and the Start-up Loan Scheme. While we see no immediate need for further injection of additional resources into the Start-up Loan Scheme, we recommend that suitable sites should continue to be identified to meet service demands, in particular for maintaining and enhancing existing services.

58. On a related development, most institutions hope to provide a better physical environment and more facilities for learning and extra curricular activities to support students' whole person development. They also unanimously support the provision of hostels for non-local students. We are advised that in some overseas countries such as New Zealand, the government requires course providers to make sure that accommodation is available to non-local students.

59. There are different ways of providing hostel accommodation. For instance, institutions may rent flats in the open market. Alternatively, hostels can be purpose-built and operated by NGOs for common use by post-secondary institutions, in which case a critical mass is required to make self-financing operations viable. We recognize that there is increasing demand from the self-financing post-secondary sector to cater for hostel accommodation needs of non-local students as a result of the government's policy to establish Hong Kong as the Education Hub in the region. Nonetheless, having regard to the scarcity of public resources and in line with the spirit of a free market economy, we recommend that provision of accommodation for non-local students of self-financing programmes should primarily be the institution's choice and responsibility, and that the Government should play a facilitating role.

<p><u>Recommendation 7</u> : We recommend that provision of accommodation for non-local students of self-financing programmes should primarily be the institution's choice and responsibility, and that the Government should play a facilitating role.</p>

60. Regarding the Accreditation Grants, self-financing arms of self-accrediting institutions have requested the Government to extend the scope of the grant to cover their internal accreditation expenses. However, with the limited resources available, the Government would like to accord priority to relieving the financial burden of operators without self-accrediting status, as an incentive for them to meet Government's quality standards. Some have suggested that in addition to reimbursing them in full the fees of successful Institutional Reviews, and on a matching basis those of individual Programme Validations, the scheme should also cover the cost of Programme Re-validations. We have

reservation about supporting self-financing operators' recurrent expenses, as the objective of the scheme is to help them meet start-up expenses. However, we see merit in providing financial support to encourage the upgrading of institutions, and therefore recommend extending the scheme to cover Institutional Reviews which are conducted for the purpose of enabling individual post-secondary institutions to achieve self-accrediting status in defined programmes areas (i.e. programme area accreditation status)..

Recommendation 8 : We recommend extending the Accreditation Grant scheme to cover Institutional Reviews which are conducted for the purpose of enabling individual post-secondary institutions to achieve self-accrediting status in defined programmes areas (i.e. programme area accreditation status).

61. Most course providers who require the service of the HKCAA are concerned about the fee level. Since 2004, the HKCAA has put in a lot of efforts to improve its services and reduce its fees. At the same time, it has conducted a self-review in preparation for the implementation of the Qualifications Framework (QF). Among other things, the HKCAA has decided to change its traditional accreditation approach to a new 4-stage accreditation process, i.e. Initial Registration, Programme Validation, Programme Area Accreditation and Periodic Review. Providers may then undertake Programme Area Accreditation by the HKCAA and take responsibility for the quality of their own courses within the specified Programme Areas. HKCAA will also adopt a “fit for purpose” model in undertaking its accreditation activities. This means it will apply a threshold standard appropriate to the level and scope of the education and training providers. With the adoption of the new model, it is likely that the accreditation fees would be lowered on account of a more streamlined and “fit for purpose” process, and can be more affordable to course providers.

62. A more fundamental consideration regarding the design of Government support measures in general is whether they should be extended to cover programmes which do not admit directly secondary school leavers, but play an important role in their subsequent progression. Parties consulted in general support extending the scope of the existing support measures to cover self-financing top-up degrees. This is in line

with the general policy of providing more articulation opportunities to our students.

63. Subject to views collected on the above recommendations, we will examine, in consultation with the Vetting Committee and the Selection Committee, whether and how the existing scope, eligibility criteria, operating parameters and assistance levels of the Start-up Loans, Land Grants and Accreditation Grants should be revised. We will then seek the approval of the Finance Committee of the Legislative Council of such revisions as appropriate.

Student financial assistance

64. It is the Government's policy to ensure that no students are deprived of education due to a lack of means. The Student Financial Assistance Agency (SFAA) is responsible for assisting all qualified students in need of financial assistance to achieve the education level they aspire to. At present, student enrolled in publicly-funded post-secondary programmes, be it degree or sub-degree, are eligible for assistance under the Local Student Finance Scheme (LSFS) (in the form of grant and loan) and under the Non-means-tested Loan Scheme (NLS) (in the form of loan); whereas students enrolled on self-financing degree or sub-degree programmes are eligible for assistance under the Financial Assistance Scheme for Post-secondary Students (FASP) (in the form of grant or loan) and under the Non-means-tested Loan Scheme for Post-secondary Students (NLSPS) (in the form of loan. Sub-degree graduates pursuing recognized top-up degrees jointly run by local institutions and overseas universities can apply for a loan under Non-means-tested Loan Scheme.

65. Although student financial assistance is not within the scope of this Review, parties consulted have suggested improvements to the schemes for students of self-financing courses, such as expanding the scope and raising the level of assistance under the FASP and NLSPS, to match the financial assistance schemes which are for students pursuing recognised publicly-funded courses. Some have also suggested relaxing the eligibility criteria such that students of accredited self-financing post-secondary programmes who are aged above 25, or have already obtained a qualification at sub-degree or above level, will also be eligible

for assistance.

66. The Government has decided in the Higher Education Review conducted in 2002 to withdraw by phases subvention to publicly-funded sub-degree programmes with effect from the 2004/05 academic year in order to free up resources so that students may benefit from public subsidy in other forms. The Government has also undertaken that most of the savings achieved would be used to benefit students in the sub-degree sector. In connection with this, the Education and Manpower Bureau is separately conducting a review to consider, amongst other things, improvement measures on existing student finance schemes. We recommend that the above suggestions be taken into account in that review.

Recommendation 9 : We recommend that the suggestions to expand the scope, raise the level of assistance, and relax the eligibility criteria, of the existing financial assistance for students of self-financing post-secondary courses should be taken into account in a separate review on student financial assistance schemes.

CHAPTER 3: DYNAMICS AMONG SERVICE PROVIDERS

67. As the self-financing post-secondary sector rapidly expands, it is important to make sure that the development is healthy and sustainable. This Chapter analyses the dynamics among the service providers; examines the question of “level playing field”; and identifies scope for enhancing their communication and collaboration.

Growth of the self-financing sector

68. Self-financing post-secondary programmes have always been offered alongside publicly-funded ones, but their number has increased remarkably since the Government announced its policy to allow 60% of our school leavers to have access to post-secondary education by 2010. As pointed out in Chapter 1, the share of self-financing places has increased from 10% to slightly over 50% since 2000/01. This corresponds to a 13-fold increase in the number of self-financing programmes (i.e. from 20 to 267), and also the emergence of new service providers -

Providers of self-financing post-secondary programmes					
2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
4	11	16	20	20	20

Market dynamics

69. Pending the emergence of new entrants in future, the number of service providers appears to have more or less stabilized since 2003/04. Below is an analysis of their service capacities in terms of programmes offered -

Institution	Number of accredited full-time self-financing post-secondary programmes offered					
	2003/04		2004/05		2005/06	
	SD	Ug	SD	Ug	SD	Ug

Caritas Bianchi College of Careers	3	-	3	-	3	-
Caritas Francis Hsu College	8	-	9	-	10	-
Chu Hai College of Higher Education	1	-	1	7	1	7
City University of Hong Kong - Community College of City University	7	-	10	-	18	-
Hang Seng School of Commerce	1	-	1	-	1	-
Hong Kong Baptist University – The School of Continuing Education	7	-	14	-	17	-
Hong Kong College of Technology	8	-	8	-	9	-
Hong Kong Institute of Technology *	3	-	3	-	3	-
Hong Kong Shue Yan College	6	5	4	7	1	10
Lingnan University - Community College of Lingnan University	18	-	16	-	18	-
Po Leung Kuk Community College of Hong Kong	2	-	2	-	1	-
The Art School, Hong Kong Arts Centre	2	-	2	-	2	-
The Chinese University of Hong Kong - School of Continuing and Professional Studies	10	-	21	-	17	-
The Chinese University of Hong Kong - Tung Wah Group of Hospitals Community College	-	-	-	-	25	-
The Church of Christ in China Kung Lee College	1	-	1	-	1	-
The Hong Kong Institute of Education - Division of Continuing and Professional Education	3	-	4	-	4	-
The Hong Kong Learning Community College	1	-	1	-	-	-
The Hong Kong Polytechnic University - Hong Kong Community College	11	-	13	-	13	-
The Open University of Hong Kong	1	1	5	7	6	18
The University of Hong Kong - School of Professional and Continuing Education	16	-	20	-	24	-
Vocational Training Council - Hong Kong Institute of Vocational Education	-	-	32	-	48	-
- VTC School of Business and Information Systems	3	-	3	-	5	-
Total	112	6	173	21	227	35

* The above figures have not included the 5 accredited non-local degree programmes jointly operated by Hong Kong Institute of Technology and Victoria University, and by Hong Kong Institute of Technology and Southern Cross University.

70. In terms of student intake, the capacities of these institutions vary, in the following range -

Intake capacity	Number of institutions		
	2003/04 (Actual)	2004/05 (Actual)	2005/06 (Estimate)
Below 100	7	5	2
100 - 499	6	7	4
500 - 999	5	2	6
1000 - 1999	2	3	4
2000 - 3999	-	2	3
4000 and above		1	1

71. Providers offering more than 1 000 intake places per year are mostly self-financing arms of publicly-funded institutions. This reflects their readiness to expand such operations, and, in the cases of PolyU, CityU and VTC where publicly-funded sub-degree programmes involving thousands of places being phased out, a practical need to do so. Based on the profile of successful applicants for Start-up Loans (at **Annex D**), self-financing operations of publicly-funded institutions will continue to be the major driving force in expansion in the near future.

72. Apart from increasing their own intakes, institutions have also started to collaborate in various forms. Some have established joint ventures (e.g. CUHK-TWGH Community College has commenced operation in 2005/06; HKU SPACE-PLK Community College will do so in 2007/08); others have joined efforts in providing specific programmes (e.g. Hospitality Programme of OUHK and Caritas Bianchi College of Careers). For jointly operated programmes in which the partners who have acquired self-accrediting status hold ultimate responsibility for the award of the qualifications, they will not need to undergo further external accreditation by the HKCAA.

73. There has been a concern whether self-financing operations of UGC-funded institutions are expanding rapidly at the expense of other institutions. Below is an analysis of their market share in terms of self-financing intake places offered for application since 2000/01 -

Academic Year	UGC-funded institutions or their affiliated arms	Other (non-UGC) institutions	Joint operation of UGC and non-UGC institutions	Total (100%)
2000/01	940 (38%)	1 528 (62%)	-	2 468
2001/02	3 330 (54%)	2 866 (46%)	-	6 196
2002/03	4 763 (58%)	3 479 (42%)	-	8 242
2003/04	6 767 (62%)	4 223 (38%)	-	10 990
2004/05	10 268 (56%)	8 016 (44%)	-	18 284
2005/06 (Estimate)	12 566 (49%)	11 198 (44%)	1 780(7%)	25 544

Note : “Other (non-UGC) institutions” include the VTC which has an estimated intake of over 4,000 and over 5,000 for 2004/05 and 2005/06 respectively.

74. Judging from the results of Start-up Loan and Land Grant applications, the UGC-funded institutions and their affiliated arms are likely to increase their market share further in the coming years.

Level playing field

75. The key factors affecting an institution’s ability to survive and thrive include whether it has sufficient resources to develop, its ability to respond to changing market needs and how it positions itself vis-à-vis its competitors. Brand names also have a role to play as they influence students' choices. In the ensuing sections we shall examine these factors to see if institutions are able to operate on a level playing field.

Resources for development

76. In obtaining resources for development, all self-financing institutions are expected to rely on their own income. The Government nonetheless appreciates that assistance may be required, in particular at the institutions’ initial stage of operation. Government’s support measures as described in Chapter 2 are intended for all eligible operators, and their applications are considered against the same set of pre-determined eligibility / selection criteria.

77. Apart from giving support in terms of money and land, the Government also publicises details of all accredited self-financing programmes through various means, including exhibitions, seminars,

webpages and careers handbooks for secondary school graduates, so that students and the general public will have access to such information, and can choose the right programmes to suit their individual needs.

78. Insofar as Government's support measures are concerned, the opportunities available to service providers are the same, and they are competing on fair and equal terms. Publicly-funded institutions are also required to adhere strictly to the principle that resources for their publicly-funded activities must not be used to subsidise their self-financing operations. While the Government is committed to assisting the development of the post-secondary education sector as a whole, it has no intention to influence individual operators' market share or to ensure that they reach their student recruitment targets.

79. Although opportunities are equal and processes are fair, the lack of private resources to invest in operation and its subsequent expansion remains a practical concern to new and small operators. For instance, self-financing arms of publicly-funded institutions may start off renting premises on campus with minimal risks; while other operators may have to start their services in commercially-leased accommodation which are subject to rent increase and uncertainties. Because of their lack of financial strength and doubts about the viability of their development plans, they do not stand a good chance in acquiring sites or large loans.

Market responsiveness

80. An institution's ability to respond to changing market needs depends primarily on its own academic development strategy. It is also affected by the institution's knowledge of the market trend and the lead time it takes to make corresponding adjustments.

81. Regarding market information, the Government makes available for public consumption population statistics, manpower projections, as well as updated lists of accredited post-secondary programmes. All institutions have equal access to such information. Service providers can also share institutional information among themselves, and have voluntarily formed federations and alliances to

discuss issues of common interest.

82. In terms of service adjustment, it has been a common cause of concern among operators who have not acquired self-accrediting status that their readiness to respond to changing needs is undermined by the costs, time and manpower required for external academic accreditation, and the need to comply in full the accreditation conditions such as student admission criteria and intake numbers before they can launch the new programmes. While we acknowledge that there is a disparity in the QA processes, the Government attaches great importance to quality assurance and holds the view that quality must not be compromised for the sake of expediency. Self-accreditation and external accreditation are different forms of quality assurance mechanisms applicable to different institutions, as is appropriate to their stages of development. The accreditation processes should be equally stringent, but the difference in mechanisms may have inadvertently disadvantaged some operators. How the mechanisms could be improved or better aligned is a matter to be examined in greater detail in Chapter 4.

Positioning

83. Self-financing programmes enjoy great flexibility in student recruitment and operation. Service providers can develop their niches and design their programmes accordingly. In this regard, we notice that not only programmes with low operating costs or in popular disciplines will succeed. Programmes in art and design, for instance, are well received. Some institutions are also prepared to offer less common programmes. It is therefore important that institutions can identify their competitive edge, and position themselves strategically to achieve the best outcome.

Brand name

84. Last but not least, established institutions often have an advantage over new ones in terms of branding. Having regard to their long history and proven record, parents and students tend to have greater confidence in the quality of the courses they offer. Employers who are familiar with the exit standards may also be more ready to consider their

graduates for appointment. All other things being equal, institutions with a brand name will likely be in a better position to recruit students. What is important is that this trust in brand name does not lead to blind faith on the part of consumers, or to abuse on the part of the institution. Free market choices, robust quality assurance mechanisms and a transparent qualifications framework will provide the checks and balances. Brand name takes time to build, and is much easier lost than earned. Provided that consumers are able to make rational and informed choices, brand name can be a powerful incentive for institutions to maintain their standards and strive for excellence.

Discussion

Development at the system level

85. Although expansion of the sector as a whole has been satisfactory, some service providers consider that increasing concentration of market share in the hands of a few big players may deter new entrants and eventually undermine students' choices, to the detriment of the sector's future development. Since established institutions (in particular the self-financing arms of universities) have an apparent advantage in terms of brand name, financial strength, economy of scale, spend in responding to market demand and the ability to recruit and retain good staff, some people believe that only positive discrimination measures in favour of new and smaller players will ensure that they can successfully establish themselves and meaningfully compete with the major players on equal footing.

86. The self-financing sector has developed to such a stage that it should be able to complement the publicly-funded sector. It is also providing progression pathways to enhance the employability of our labour force. As the sector is vibrant and responsive to market needs, there is scope for further development at the institutional and systemic levels. There will certainly be increasing demand for articulation opportunities at the degree level. The development may or may not involve setting up local private universities, but as we have recommended in Chapter 2, resources under the Land Grant and Start-up Loan Schemes should be used with a clear emphasis on enhancing the quality of

service provision and encouraging diversity, and that Accreditation Grant scheme should cover Institutions Reviews which are conducted for the purpose of enabling individual post-secondary institutions to achieve self-accrediting status in defined programme areas (i.e. programme area accreditation status).

87. On the other hand, one may argue that diversity does not have to be achieved through increasing the number of service providers. It is the choice of programmes, rather than the choice of operators, that counts. The market as a whole will adjust itself to provide the diversity society desires. Artificially sustaining the operation of non-competitive operators through positive discrimination measures may not be in the interest of the public, and may mean ineffective use of public resources.

Maintaining healthy dynamics

88. In the UGC-funded sector, role differentiation among the institutions emphasizes the pursuit of excellence in the institutions' own areas of expertise. Roles are not meant to be exclusive or restrictive, and cannot be imposed on the institutions. Provided that role and mission are clearly articulated, course providers can plan their programmes with reference to their relative positions, and minimise cut-throat competition. We believe that role differentiation in the self-financing post-secondary sector is equally important. Through role differentiation and collaboration, service providers may offer a greater variety of programmes at a high level of quality and with improved efficiency. By pooling their resources together and sharing their expertise in curriculum development, pedagogy and institutional administration, our post-secondary institutions can position themselves strategically in the market.

89. To facilitate healthy competition and to maintain a vibrant market, communication among peers should also be encouraged. Information sharing keeps institutions abreast of market development, and helps them adjust to market needs in a more responsive manner. For the purpose of monitoring the development of the post-secondary education sector, the Government collects programme information and

student / graduate statistics from service providers at least annually. Hitherto the statistics have been kept mainly for Government's internal reference. Parties consulted generally agree that the Government should release aggregated market information for public consumption to increase market transparency. This will also assist service providers in adjusting to market dynamics.

Recommendation 10 : We recommend the release of more information on the development of the post-secondary sector for public consumption to increase market transparency.

90. To maintain a robust and healthy development of the post-secondary sector, effective quality assurance mechanisms must be in place to safeguard the quality of our programmes. We will examine the quality assurance system for full-time accredited post-secondary education programmes in the next Chapter.

CHAPTER 4: QUALITY ASSURANCE

91. This Chapter examines the current quality assurance (QA) system for full-time accredited post-secondary education programmes, and discusses recent developments in the higher education sector that may have an impact on the QA processes.

QA requirements for post-secondary programmes

92. QA is the cornerstone of our education system. Course providers have the primary responsibility for the quality of their programmes, but it is also essential to put in place an effective and credible QA system to safeguard the standards of our programmes, ensure that students are receiving the education they need, and that the qualifications they obtain will be valued for the purposes of employment and further studies.

93. In expanding the post-secondary education sector, the Government aims at increasing the provision of accredited full-time programmes. Only if these programmes are formally accredited that their service providers and students may be eligible for Government's support measures and financial assistance schemes.

94. This means that for institutions with self-accrediting status (i.e. the 7 UGC-funded universities, the Open University of Hong Kong, and the Hong Kong Institute of Education in respect of its own teacher education programmes), the programmes must be subject to their own internal QA mechanisms. To give a general idea as to what this entails, at **Annex J** are summaries of the QA mechanisms of the UGC-funded institutions.

95. For non-self-accrediting institutions, their programmes should be validated by an external QA agency recognized by Government, such as the HKCAA. Institutions are required to go through Institutional Reviews (IR) and submit their individual programmes for Programme Validations (PV) and revalidations².

² Under the existing HKCAA Ordinance, an IR is a review of the academic and general standards of an institution of higher education. A PV is an evaluation of a particular course

96. Recognising that AD, which plays a key role in the expansion of the post-secondary sector, was not well-known to the local community at the time of introduction in 2001, the Government has, in consultation with service providers and the HKCAA, promulgated a set of Common Descriptors for AD to outline its objectives, entry requirement, learning outcome, etc. The Common Descriptors are published on EMB's webpage, and reproduced at **Annex K**.

97. Apart from local courses, there are also over 1 000 non-local courses operated by non-local course providers leading to the award of non-local higher academic/professional qualifications. To ensure the quality of these programmes, the Non-local Higher and Professional Education (Regulation) Ordinance requires that for academic qualification, the awarding institution must be a recognized non-local institution and that effective measures are in place to ensure that the standard of the course is maintained at a level comparable with a course conducted in the home country. For professional qualification, the course must be recognized by the professional body which is also generally recognized in the home country as authoritative and representative in the relevant profession. Nonetheless, non-local courses offered in collaboration with specified local institutions of higher education, such as the UGC-funded institutions, can be exempted from registration. To ensure their quality on exemption, these specified local institutions are also required under the Ordinance to certify that the above requirements which are applicable to registered courses, have also been met.

Concerns about the existing QA system

98. As more and more post-secondary programmes are offered, there are concerns among members of the public about the quality of some of these programmes. They are worried that the rapid increase in student places implies that the QA mechanisms have been less stringent than they should be.

conducted or proposed to be conducted by an institution of higher education, to determine whether or not the academic standard of the course is comparable with internationally recognized standards.

99. There are also concerns that AD programmes are not always offered in compliance with the Common Descriptors, notably in terms of entrance and exit standards. The former relates to QA, but primarily reflects differences in opinion as to whether, in terms of the design of our education system, satisfactory completion of S.6 should be an acceptable condition for admission to AD. As regards exit standards, there were concerns whether some institutions are allowing sub-standard students to graduate, although this is not substantiated by data provided by the institutions³. Meanwhile, there have been suggestions for a clearer distinction between AD and Higher Diploma in terms of course content. (See the discussion at paragraph 29)

100. Underlying the concerns about non-compliance with the Common Descriptors in some exceptional cases is a general feeling among institutions accredited by HKCAA that they are subject to more stringent QA requirements than their self-accrediting counterparts, because strict compliance with the Common Descriptors is a condition of their accreditation. The comparability of QA mechanisms and standards among institutions is again brought to question.

101. Nevertheless, programmes offered by self-accrediting institutions, including their non-local courses exempted from registration under the Non-local Higher and Professional Education (Regulation) Ordinance, still have to go through internal validation, so although the QA mechanisms may not be exactly the same in all these institutions, it does not mean that standards varied.

Other developments

102. Meanwhile, there are other developments in the education sector that may have implications on the QA of post-secondary education

³ Providers of accredited post-secondary programmes usually set a high standard for classifying their students as top students, and do not allow students with poor academic results to graduate. Figures provided by the institutions show that the percentage of top students normally does not exceed 15%, and the students have to attain a minimum grade point average of 3.0 or reach 75% of the full mark. In general, students cannot graduate with a grade point average lower than 1.6 or less than 40% of the full mark. One institution has a failing rate of 49.6% for Pre-AD in a particular academic year.

programmes. First of all, implementation of the new 334 academic structure will require repositioning of programmes which hitherto admit S7 graduates. At the degree level, the general direction is to go for a new 4-year curriculum. Institutions will have to consider how the new academic structure will affect the sub-degree curriculum. As a related issue, with the cessation of HKCEE, we will also need to consider the need for Pre-AD programmes which cater for S5 graduates.

103. Another important development is the introduction of Qualifications Framework (QF), which is a seven-level hierarchy that orders and supports academic, vocational and continuing education qualifications. The QF gives both learners and employers a clear idea about the standards of qualifications at each level, so that learners will have a better sense of direction in lifelong learning and a reference to map out their progression pathways. An important interface between the QF and the public is the Qualifications Register (QR), which will be a web-based database of information on qualifications, courses, education and training providers that are recognised under the QF. The QR will be administered by the HKCAA on EMB's behalf. All programmes will have to be quality assured before they can be placed onto the QR. Accredited Associate Degree or Higher Diploma programmes would normally be placed at Level 4 of the QR by the HKCAA or specified bodies.

Reinforcing QA efforts

104. The various stakeholders are aware of the above concerns and new developments. They are also taking action to reinforce QA efforts.

105. The UGC has been performing an important role in assuring the quality and value for money of higher education provision in the institutions it funds, by means of peer reviews. For example, management reviews, two rounds of Teaching and Learning Quality Process Review (TLQPR) and Performance and Role-related Funding Scheme (PRFS) Assessments were carried out respectively in 1995-97, 2001-03 and 2004. As UGC-funded institutions enjoy self-accrediting status, they are primarily and ultimately responsible for the quality of

their own programmes. The various reviews aim to ensure that effective QA mechanisms are in place in each of the institutions, and to assist institutions in improving the quality of their management, teaching and learning, as well as performance against role. On the latter, the results of the PRFS exercise had informed the funding allocation for the institutions in the 2005-08 triennium. The exercise ties together funding allocation, performance and performance against role more rigorously than in the past. Following the PRFS exercise, the UGC and the institutions are moving into the next stage of assessing the adequacy of process and of the deployment of resources by the extent to which they are effective in enabling students to achieve intended learning outcomes.

106. As UGC-funded institutions are playing an increasingly active part in the provision of self-financing post-secondary programmes, the UGC has been invited to consider QA issues at degree and above levels for both publicly-funded and self-financed programmes of the UGC-funded institutions. Recommendations will be made by the UGC after the present landscape has been reviewed.

107. The self-financing programmes of UGC-funded institutions at sub-degree level will be overseen by a new body formed by the Heads of Universities Committee (HUCOM), known as the Joint Quality Review Committee (JQRC). The JQRC will implement a framework for reviewing the institutions' QA processes, and assess their programmes for the purpose of QA and for classification onto the QR based on the generic level descriptors. A detailed description of JQRC's functions is at **Annex L**. There is cross-membership between the JQRC and the HKCAA to facilitate communication and the benchmarking of standards among post-secondary education programmes. EMB, having a strong interest in the QA of sub-degree programmes, has been invited to join JQRC meetings as Observer.

Discussion

Comparability of QA mechanisms

108. The current QA systems applicable to post-secondary

education programmes mainly fall into two categories: one for self-accrediting institutions and another for the rest. As mentioned in Chapter 3, these accreditation processes should be equally stringent, but the difference in mechanisms may have inherently disadvantaged some operators. There have been suggestions that a major future direction should be to align the processes and standards of these QA systems as far as practicable, and suitable checks and balances should be in place to safeguard the quality of self-accredited programmes, without infringing upon the autonomy of the institutions concerned. Some of the new initiatives described above, such as the establishment of the JQRC and its cross-membership with HKCAA, are positive responses to this.

109. Although the JQRC would not be directly involved in programme planning, and that it is not an accrediting agency, it has an audit function. The community expects it to audit the institutions' programmes taking into account how the institutions have exercised their rights and powers in QA, to ensure that the programme planning processes are proper.

110. We believe that sound QA mechanisms do not necessarily require equivalence in processes -- nor would that be entirely appropriate given the different backgrounds of the institutions. The UGC-funded institutions have well-established internal QA mechanisms and proven output standards, and so there may not be strong reasons to require them to conform to the processes which HKCAA adopts for external assessments. On the other hand, greater vigilance may be justified in the case of inexperienced operators because the community is less certain about the quality of the courses they propose to offer. In any event, the outcome is always more important than the process. In this connection, we are pleased to know that it is the UGC sector's long-term direction to adopt outcome-based approaches to student learning. Likewise, the JQRC will adopt an outcome-oriented approach to QA. The HKCAA advocates more transparency in QA processes and an interflow of panelists between the UGC-sector and the non UGC-sector, to enhance mutual understanding and objectivity. The HKCAA's new 4-stage QA process also enables the more mature providers with a good track record in the quality assurance of specified programme areas to become self-accrediting in these areas. We recommend that there should be a

close dialogue between the HKCAA and JQRC, to ensure comparability in quality and standards of programmes at the same academic level.

[Recommendation 11](#) : We recommend that there should be a close dialogue between the HKCAA and JQRC, to ensure comparability in quality and standards of programmes at the same academic level.

Preparation for QF

111. With the implementation of QF, there will be a motivation for service providers to submit quality assured post-secondary courses for classification and entry onto the QR. Non-local courses and qualifications will not be included in the first phase of the implementation of the QR, but when they are included in future, they will have to be assessed against the local standards (rather than the standards of the home courses) and should be subject to the same QA mechanism for local courses before entry into the QR.

112. With new developments such as the 334 academic structure and QF in mind, a more comprehensive review of the Common Descriptors for sub-degrees seems timely. The review can evaluate past experience and recommend adaptations to meet current needs. More importantly, it should look ahead and prepare sub-degree programmes for transition to the new academic structure and the QF.

[Recommendation 12](#) : We recommend a comprehensive review of the Common Descriptors for sub-degrees to evaluate past experience and recommend adaptations to meet changing needs.

CHAPTER 5: ARTICULATION AND EMPLOYMENT PROSPECTS

113. This Chapter examines the opportunities for further studies and employment for graduates of self-financing post-secondary programmes, and discusses what more needs to be done to engage them in positions that can best meet both the aspiration of the individuals and the manpower requirements of our community.

Recognition of local sub-degree programmes

114. Local sub-degree programmes include Higher / Honours Diploma, Professional Diploma and AD. While the other qualifications are more established in the local education system, AD was not introduced into Hong Kong until recent years. The need to gain recognition is therefore more relevant to AD.

115. At present, all of the local higher education institutions, as well as some 150 institutions in 10 countries and regions⁴, recognise our AD qualifications for admission to their degree courses or for credit transfer. The 22 professional bodies listed at **Annex M**, coming from the business, engineering, finance, accounting, IT and logistics sectors, also recognize our AD qualifications for the purpose of granting exemptions from parts of their professional examinations.

116. In terms of employment, the HKSAR Government has in the first instance announced the consideration of local AD graduates for appointment to all civil service and non-civil service posts with general entry requirements set at Higher Diploma (HD) level. There are currently 13 civil service grades that accept accredited AD qualifications for appointment purposes⁵.

⁴ They include : Australia, Canada, France, Korea, Mainland China, Macau, New Zealand, Switzerland, the United Kingdom and the United States of America.

⁵ They are : Ambulance Officer, Official Language Officer II, Court Interpreter II, Immigration Officer, Inspector of Customs and Excise, Officer (Correctional Services), Police Inspector, Station Officer, Analyst/ Programme II, Assistant Leisure Services Manager II, Industrial Officer (Correctional Services), Occupational Safety Officer II, Police Translator II.

Articulation and employment status of graduates

117. Based on information provided by the service providers, we have analysed at **Annex N** the post-graduation status of students who completed self-financing post-secondary programmes in the 2001/02, 2002/03 and 2003/04 academic years. The results are less than conclusive, as data are only available for the three years which marked the beginning of the rapid increase in post-secondary education opportunities, when AD programmes were new to Hong Kong and articulation arrangements were not fully in place.

118. HD qualifications have traditionally been regarded as professional qualifications and more vocational in nature compared with AD qualifications. One can observe that the proportion of AD graduates pursuing further studies instead of employment was much higher than graduates of HD and other sub-degree programmes. It is interesting to note that even between these two years, there is a marked difference in the articulation pathways of AD graduates, in that by 2002/03, more are pursuing further studies locally than abroad, and more are articulating to senior years of degree programmes than entering universities at Year 1. If this suggests that local higher education institutions have turned round quickly to recognizing AD qualifications for admission and credit transfer purposes, this should be a welcoming trend.

119. The Government is adding a total of 840 senior year places to UGC-funded degree programmes starting from the 2005/06 academic year, to be increased to 1 680 places starting from the 2006/07 onwards. These publicly-funded senior year places provide additional room for sub-degree holders or people with other relevant qualifications to further their studies at our tertiary institutions. Admission of students into the UGC-funded senior year places is based on merit and open in nature. This initiative, apart from providing more articulation opportunities for sub-degree holders, affirms the Government's support for multiple progression pathways.

Discussion

Demand for articulation places

120. There is a common perception in the local community that sub-degree, in particular AD, is primarily a bridging qualification for admission to degree programmes. As the number of sub-degree holders increases, the demand for articulation places also increases. There is general support for more of them to be provided in the UGC-funded sector.

121. Public resources available for this purpose are limited, but we may look to the self-financing institutions to supplement the public sector provision, given the successful experience at the sub-degree level. There are at present 4 non-UGC-funded local degree-awarding institutions⁶. Together they will be offering more than 2 500 undergraduate places at intake level in the 2005/06 academic year. They are capable of providing additional senior year places or top-up degree programmes, provided that it is financially viable to do so. We recommend that, where resources permit, more publicly-funded articulation places should be provided.

122. Most students will hope to see credit transfer mechanisms that enable them to have access to a wide range of study programmes in different institutions. The Government supports institutions' initiatives in this regard. There are suggestions that institutions should set common baselines for the admission of AD graduates into undergraduate (Ug) programmes to ensure consistency.

Recommendation 13 : We recommend that, where resources permit, more publicly-funded articulation places should be provided, and that institutions should be encouraged to develop credit transfer mechanisms.

AD as an exit qualification

123. Further study is not the only way out for sub-degree holders. Sub-degree is valuable as an exit qualification of its own. It equips

⁶ They are Chu Hai College of Higher Education, Hong Kong Academy for Performing Arts, Hong Kong Shue Yan College and the Open University of Hong Kong.

graduates with skills that enable them to start work as junior managers and associate professionals. Indeed, our projections suggest that in the near future the shortfall in manpower will be more acute at the sub-degree holder level than at the degree holder level. Apart from facilitating articulation arrangements, perhaps more should be done to promote local sub-degree qualifications among employers.

124. One way of doing this is to enhance communication between service providers, employers and industries as a whole, so that on the one hand the provision of courses can be more responsive to manpower needs, and on the other hand employers will appreciate how sub-degree programmes are adding value to their potential employees. Examples of successful graduates, as well as positive opinions collected in employers' surveys, will speak for themselves. The Government has been conducting employer surveys on graduates of publicly-funded post-secondary programmes. As the results of the surveys can provide valuable insight about employers' perception towards the performance of our graduates, we recommend that similar tracking surveys should be conducted to cover graduates of self-financing post-secondary programmes.

Recommendation 14 : We recommend that tracking surveys to gauge the opinion of employers on the performance of graduates of self-financing post-secondary programmes should be conducted.

125. At the end of the day, recognition of AD, or indeed any academic or professional qualification, always hinges upon quality assurance and the relevance of the programmes. It is the credibility of the education system that gives institutions and employers the confidence in its output; articulation and employment opportunities then follow. In seeking to improve the prospects of sub-degree graduates, it is therefore most important to ensure their exit standards. Addressing the concerns about QA in Chapter 4 would to a large extent help address also the question of recognition.

CHAPTER 6 : WAY FORWARD

126. The aim of the phase 1 of the Review is primarily to take stock of the development of the sector since the implementation of the 2000 policy objective to enabling 60% of our senior secondary school leavers to have access to tertiary education. We hope that through this stock-taking exercise, we could identify and address areas of key concerns, and suggest the way forward to further facilitate the robust development of the post-secondary sector. As many recommendations put forth in the previous chapters require further deliberations, we welcome suggestions and views from service providers, student bodies, advisory bodies and committees, relevant stakeholders and the community at large on our Review recommendations before taking them forward.

Phase 2 of the Review

127. Subject to the views collected on the findings of Phase 1 of the Review, the Steering Committee will start work on Phase 2 of the Review, which is intended to focus on implementation details of the recommendations as set out in this Review Report, and on other higher level and structural issues as highlighted in the ensuing paragraphs below.

Regulatory framework

128. Back in 2001, the Administration had contemplated fundamental changes to the regulatory framework for post-secondary education and corresponding legislative amendments, basically to impose different levels of control on different types of courses, and to construct a hierarchy of course providers to facilitate their progression. Underpinning this framework is a system of quality assurance requirements for the various types of courses and course providers. New measures, such as introducing a register of accredited courses and a qualifications framework, as well as granting service providers “self-accrediting” powers with a defined scope, are central to the proposal at that time.

129. During Phase 1 of this Review, service providers have also commented that while it is inappropriate for post-secondary institutions to be subject to the Education Ordinance (Cap.279) which is governing schools in general, the more relevant Post Secondary Colleges Ordinance (Cap.320) is outdated. These comments reinforce the need to review and refine the existing regulatory framework to ensure that it is fit for purpose. However, certain developments since 2001, notably the introduction of a Qualifications Framework, HKCAA's new approach to accreditation and other QA measures discussed in Chapter 4, have already dealt with the QA issues which the 2001 proposal sought to address. The 2001 approach therefore needs adjustment.

130. Capitalising on the new developments and suggestions under the Phase 1 Review, we expect that a key objective of the Phase 2 Review should be to see how the regulatory framework for the provision of post-secondary and higher education should be improved to meet present-day needs.

Future directions

131. When the expansion of the post-secondary education sector was contemplated in 2001, it was the intention of the Administration to explore in various directions further education opportunities, including those offered locally and outside Hong Kong. Subsequent development was very much in favour of local programmes, and the much enlivened self-financing sector has helped to bring the overall participation rate to over 60% five years ahead of schedule.

132. With a supply of local programmes adequate in meeting our demand, we may have to revisit the original strategies. Instead of moving in the directions which seek to import education services, local service providers may now aspire to using Hong Kong as a home base to attract non-local talents and expand their services here. We believe they have both the capacity and capability to do so, and support their initiatives to develop Hong Kong as the regional Education Hub. Likewise, from the students' point of view, studying abroad is no longer necessitated by the lack of education opportunities at home, but a personal choice against a wide range of local alternatives.

133. In view of this development, if public resources are to be deployed to support overseas studies, they may be better justified on grounds of helping our students gain overseas exposure. The focus can then be on internationalisation initiatives such as student exchanges and non-local scholarships. Phase 2 of the Review should therefore be an opportunity to revisit the various directions and develop new strategies for our post-secondary sector.

134. Against the above, we intend to include the following issues, amongst others, in the Phase 2 of the Review -

- ◆ Effectiveness of the existing statutory and self-regulatory framework for accredited post-secondary education programmes;
- ◆ Overseas practices and experiences; and
- ◆ Merits of pursuing initiatives in other directions to provide further post-secondary education opportunities.

135. We also welcome views from the service providers, relevant stakeholders and members of the community on the scope of Phase 2 of the Review. Similar to Phase 1 of the Review, we intend to consult service providers, quality assurance agencies, relevant stakeholders and the community at large on the findings of Phase 2 of the Review once available.

136. Last but not least, the support of service providers, students and the community as a whole is of crucial importance to facilitate the growth and robust development of the post-secondary education sector. We believe that through concerted efforts of all parties, we will be able to maintain the market dynamics of the post-secondary education sector and develop Hong Kong as the Education Hub in the region in the long run.