

## CHAPTER 3

### THE POST-SECONDARY EDUCATION SYSTEM

3.1 This review originated from the need to examine the implementation of the 2002 Review Report, which principally concerned UGC-funded institutions. A majority of the 2002 recommendations have been put into practice, and details of the implementation are provided in **Annex D**. Taught postgraduate and sub-degree programmes have been generally put on a self-financing basis, and the Joint Quality Review Committee has been set up to provide peer review of the quality assurance process of the self-financed sub-degree programmes organised by the UGC-funded institutions. Some 2,000 senior year entry places (4,000 in total) have been created to facilitate articulation of sub-degree graduates. However, we have yet to see the establishment of a sector-wide Credit Accumulation and Transfer System (CATS), both within and outside the UGC-funded sector. The proposals for establishing a Further Education Council to look after Associate Degrees and lifelong learning, and extending the UGC's remit to cover all work at the degree level have not been pursued.

3.2 Within the UGC sector, the establishment of the \$18 billion Research Endowment Fund in 2009 boosted research funding. Role differentiation among the institutions was articulated in the UGC document *To Make a Difference, To Move with Times* published in 2004. In terms of internationalisation, the proportion of non-local students at UGC-funded institutions has increased to more than 10%, in line with Government policy. In terms of governance, all UGC-funded institutions have completed internal reviews of their governance and management structures. As for sources of funding, private sector support has grown considerably. For some institutions, recurrent non-UGC funding now amounts to around 50% of total funding. The five rounds of Government's Matching Grant Scheme have certainly provided impetus for the generation of contributions from the private sector.

3.3 This summary of developments since the 2002 Review Report suggests the need to set the UGC within the wider context of the entire post-secondary sector. That is doubly true because not all institutions awarding degrees and sub-degrees are within the UGC's remit.

3.4 The post-secondary education sector is complicated. The first step in this chapter is to describe its parts and how they fit together. It is important to note two initial points. First, the following description refers to the *current*

situation of the post-secondary education sector. From 2012, secondary schooling will be reduced by one year and the new Hong Kong Diploma of Secondary Education will be introduced. Not all of the consequences of this change are yet clear, but some of them are discussed below. Second, we have had some difficulty in obtaining clear statistics covering the post-secondary education sector, in terms of timeliness and comprehensiveness. We thus welcome the Education Bureau's move to upgrade its statistical system. At some time in the future, the Education Bureau might find it useful to look at the model of the UK's Higher Education Statistics Agency to consider if there is room for further development in Hong Kong's system.

## **SECTION I**

### **POST-SECONDARY EDUCATION OPPORTUNITIES**

3.5 In 2000, the Chief Executive launched a policy to raise the participation rate in post-secondary education from 33% to 60% in ten years' time. This target was achieved and exceeded several years ago. This expansion has been almost exclusively in the self-financed sector, which has grown significantly since the publication of the UGC's Higher Education Review Report 2002. That report recommended, amongst other things, promoting private participation and putting taught postgraduate and sub-degree work on a self-financing basis. The self-financing sector is now comparable in student numbers to the UGC-funded sector. The number of providers has increased four times and the number of programmes has grown by more than sixteen times [E18]. Statistics on the provision and opportunities are provided in **Annex E**.

#### *Degree Sector*

3.6 Students who have completed seven years of secondary school education [E19] are able to apply for the full-time publicly funded degree programmes provided by the eight UGC-funded institutions (which cater for about 18% of the 17-20 age cohort) and the Hong Kong Academy for Performing Arts, as well as programmes offered by other self-financed degree awarding institutions.

Sector	Institutions	Actual Intake in 2009/10 (full-time programmes)
<ul style="list-style-type: none"> <li>UGC-funded institutions</li> </ul>	<ul style="list-style-type: none"> <li>- City University of Hong Kong</li> <li>- Hong Kong Baptist University</li> <li>- Lingnan University</li> <li>- The Chinese University of Hong Kong</li> <li>- The Hong Kong Institute of Education</li> <li>- The Hong Kong Polytechnic University</li> <li>- The Hong Kong University of Science and Technology</li> <li>- The University of Hong Kong</li> </ul>	<ul style="list-style-type: none"> <li>- 15,822 (include local and non-local students)</li> <li>- 44 (self-financed) [E20]</li> </ul>
<ul style="list-style-type: none"> <li>Academy funded by the Home Affairs Bureau</li> </ul>	Hong Kong Academy for Performing Arts	146 (publicly funded) [E20]
<ul style="list-style-type: none"> <li>Local self-financed degree awarding institutions</li> </ul>	<ul style="list-style-type: none"> <li>- Open University of Hong Kong</li> <li>- Hong Kong Shue Yan University</li> <li>- Chu Hai College of Higher Education</li> </ul>	2,644 (provisional) [E20]
Total:	-	18,656

3.7 Apart from these local courses, students can also take non-local courses, the majority of which are offered in partnership with UGC-funded institutions, and other institutions such as the Open University of Hong Kong.

#### *Sub-degree Sector*

3.8 Sub-degrees offer other avenues for secondary school leavers. “Sub-degree” is a term that embraces two different credentials: the Higher Diploma of a vocational character and the Associate Degree, which is generally of a more academic nature. Sub-degree courses are delivered by the self-financing arms of UGC-funded institutions and other private providers [E21]. These courses are self-financing, except for those delivered by the publicly funded Vocational Training Council and a number of courses largely defined by manpower requirements that are delivered by UGC-funded institutions (City

University of Hong Kong, the Hong Kong Polytechnic University and the Hong Kong Institute of Education). The intake of these full-time courses is shown below, with detailed statistics provided in **Annex E**.

<b>Sector</b>	<b>Actual Intake in 2009/10 (full-time programmes)</b>
<ul style="list-style-type: none"> <li>Sub-degree courses offered by the Vocational Training Council</li> </ul>	13,886 (8,030 in publicly funded Higher Diploma programmes and 5,856 in self-financed Higher Diploma programmes)
<ul style="list-style-type: none"> <li>Publicly funded sub-degree courses provided by City University of Hong Kong, the Hong Kong Polytechnic University and the Hong Kong Institute of Education</li> </ul>	2,459 (455 in Associate Degree courses and 2,004 in Higher Diploma courses)
<ul style="list-style-type: none"> <li>Self-financed sub-degree courses provided by the self-financing arms of UGC-funded institutions and other sub-degree providers</li> </ul>	18,585 (14,253 in Associate Degree programmes and 4,332 in Higher Diploma programmes) (provisional)
<ul style="list-style-type: none"> <li>Publicly funded sub-degree courses offered by the Hong Kong Academy for Performing Arts</li> </ul>	19
<b>Total:</b>	<b>34,949</b>

Students can also enrol in non-local sub-degree courses, with the details set out in paragraph 3.13 below.

#### *Articulation to Locally Accredited Full-time Degree Courses*

3.9 There is a general perception amongst students and parents (and employers) that sub-degrees (particularly Associate Degrees) are only bridging qualifications on the path to first degrees, and that Associate Degree graduates are not yet ready for immediate employment. Many institutions have promoted the Associate Degree qualification as a stepping-stone towards articulation to degree programmes. In practice, a number of sub-degree graduates do enrol in top-up degree programmes in the self-financing sector or seek to articulate to the publicly funded senior years of degree programmes provided by UGC-funded institutions. In 2009/10, there were approximately 2,000 full-time publicly

funded senior year undergraduate places for articulation in UGC-funded institutions. In his 2010 Policy Address, the Chief Executive announced the Government’s intention to double the number of publicly funded senior year places, starting from 2012/13.

3.10 Sub-degree graduates may also articulate to the senior years of self-financing degree programmes by way of advance standing or credit transfers. For example, the Open University of Hong Kong admitted 676 students to top-up degree programmes in the 2009/10 academic year [E20]. In addition, four UGC-funded institutions and/or their self-financing arms (such as the Hong Kong Polytechnic University’s School of Professional Education and Executive Development) provided self-financing local full-time top-up degree programmes with an intake of 2,008 in the 2009/10 academic year [E22]. These articulation routes are complementary to the provision of publicly funded places at UGC-funded institutions, and they are proving increasingly popular and viable for sub-degree graduates.

3.11 The articulation opportunities for sub-degree graduates are summarised as follows.

<b>Sector</b>	<b>Actual Intake in 2009/10 (full-time programmes)</b>
<ul style="list-style-type: none"> <li>• UGC-funded senior year places</li> </ul>	2,146
<ul style="list-style-type: none"> <li>• Local full-time self-financing top-up degree programmes provided by UGC-funded institutions and/or their self-financing arms and the Open University of Hong Kong</li> </ul>	2,684 (2,008 in UGC-funded institutions and/or their self-financing arms, and 676 in the Open University of Hong Kong) (provisional)

3.12 In addition to those enrolled in full-time programmes, a sizeable student body is enrolled in part-time degree/top-up degree programmes (see paragraph 3.64 and **Annex G**).

*Non-local Courses and Overseas Education*

3.13 There are many opportunities for students to enrol in non-local courses, or pursue overseas studies. In 2009/10, 20,600 students were enrolled in self-financing non-local undergraduate programmes delivered in Hong Kong and another 300 were admitted to non-local sub-degree courses. While the age range of these students extends beyond that of normal school leavers, these

figures represent a substantial percentage of the 17-20 age cohort. It is further estimated that 5% of the cohort pursue sub-degree or undergraduate studies overseas [E20].

## **FINANCIAL SUPPORT FOR STUDENTS**

3.14 The Government's policy is to ensure that no qualified students are deprived of education through lack of means. There are two basic schemes to assist students with financing their studies – one for those in publicly funded programmes and another for those in self-financed programmes. Until recently, sub-degree graduates who wanted to “top-up” their studies in locally accredited self-financed degree programmes could only apply for non-means-tested loans to cover the tuition fees of their top-up studies. Since the 2008/09 academic year, however, the Government has improved the scheme for self-financed programmes so that grants, as well as loans, are available and the coverage is wider. The student grants and loans scheme for self-financed programmes is thus now in good shape, and basically on a par with the scheme for publicly funded programmes. The details of both schemes are given in **Annex F**. Under the scheme for self-financed programmes, the amount for grants in 2009/10 is about \$707 million and for loans is about \$232 million for around 20,460 successful applicants (set against \$830 million, \$282 million and 28,406 successful applicants for the publicly funded sector) [E23]. This major expenditure is perhaps not well recognised but we believe that it does make local self-financed sub-degree and degree-level programmes viable for all residents, irrespective of means.

## **TAKE UP OF POST-SECONDARY EDUCATION PLACES**

3.15 The discussion above demonstrates that there is a broad diversity of full-time post-secondary education serving a considerable segment of the relevant age cohort. In 2009/10, at least 63% of the 17-20 age cohort were studying full time in either undergraduate degree or sub-degree programmes. If one adds those pursuing studies overseas and those taking non-local courses offered in Hong Kong, the percentage of the age cohort participating in full-time post-secondary study is likely to exceed 65%. This has been made possible by enhanced Government investment and by expansion of the self-financed sector.

### *Government Investment*

3.16 Over the years, the Government has invested substantial amounts of funding in education. For the 2009-10 financial year, the revised estimate for

recurrent expenditure on education is \$51.3 billion, which is equivalent to 23.1% of all recurrent government expenditure. Almost 29.6% (\$15.1 billion) of recurrent government expenditure on education (or 0.93% of GDP in 2009) is spent on post-secondary education (including vocational education), including the UGC sector (\$11.6 billion), the Vocational Training Council (\$1.7 billion) and the Student Financial Assistance Agency (\$1.9 billion). In addition, an estimated amount of \$650 million of means-tested loans are disbursed to post-secondary students. Separately, the Home Affairs Bureau provides a recurrent subvention of \$222 million to the Hong Kong Academy for Performing Arts outside the education budget. The percentage of GDP spent by the Government on post-secondary system is generally in line with the percentage in other systems, which is around 1% [E24].

## **SECTION II**

### **THE NEED FOR AN INTEGRATED SYSTEM**

3.17 The expansion of opportunities for post-secondary education is good for students, but the system is complex and fragmented. As we gathered information on progression pathways and opportunities, we recognised that the system is fragmented and the links between different parts are not entirely systematic or transparent, rendering it difficult for current and prospective students to navigate (see paragraphs 3.49-3.52 below).

3.18 The character of much of the post-secondary education system has been determined by the initiatives of individual institutions and particular visions. This can be seen as evidence of creative vitality and responsiveness to need and opportunity. Yet its weakness is an amount of incoherence, overlap and unnecessary duplication. The separation between publicly funded and private provision is complicated by the existence of both types within the same institutions, by the relationship between community colleges and their associated UGC-funded institutions and by the appearance of private universities and degree providers alongside publicly funded universities. The general public can find this system difficult to read, as can those seeking to enter or already within it.

3.19 Just a few years ago, the vast bulk of both sub-degree and undergraduate degree programmes were publicly funded, but this has changed. A large self-financing sub-degree sector has emerged alongside the publicly funded Vocational Training Council and a much reduced UGC-funded sub-degree provision. At the undergraduate level, not only is Shue Yan now a university, but the Open University of Hong Kong is also moving rapidly into

“face-to-face” undergraduate work. Chu Hai College is awarding degrees, and several sub-degree providers have plans to become private universities. Furthermore, many local students are able to get top-up degrees after their sub-degrees, either in Hong Kong or overseas.

3.20 A further level of complexity has been introduced by the level of non-local provision in Hong Kong. Currently, about 1,000 non-local undergraduate and postgraduate programmes are offered in Hong Kong, including around 700 in partnership with UGC-funded institutions, Hong Kong Shue Yan University, the Hong Kong Academy for Performing Arts and the Open University of Hong Kong, and around 300 offered in partnership with other institutions or providers. Apart from the 20,600 undergraduate students and 300 sub-degree students mentioned in paragraph 3.13, approximately 12,700 postgraduate students enrolled in programmes offered by the non-local providers in 2009/10 [E20].

3.21 We believe that all elements of post-secondary educational provision should be treated as a single system, governed by an overarching policy. The Government needs to be able to consider, in a coherent manner, whom each part serves, how each is governed and how each is regulated. This implies a more transparent system with more clearly delineated pathways for student progression within it. Clearly, the Education Bureau holds the prime responsibility for developing policy in the frame of a whole system and for ensuring its coherence.

### **Recommendation 1:**

**Government policy should treat all elements of post-secondary educational provision as a single interlocking system for strategic and planning purposes, including both privately and publicly funded institutions.**

3.22 At the same time, there should be clarification of the authority required for the oversight of the different parts of this system. Although funding oversight is less of a requirement in the private sector than in the UGC sector (but certainly not absent given the amount of government funds now being directed into this area), we heard during our consultations that a comparable body to the UGC is necessary in the private sector to ensure the proper delivery of programmes. This view has merit. The 2002 Review Report advocated the establishment of a Further Education Council corresponding to the UGC’s role in the university sector. In subsequent discussion in this chapter, we give reasons for the increased necessity of such an oversight body given the rapid development of a diversity of provision, the



multiplication of providers since 2002 and their projected further growth. The public interest requires oversight, coordination and transparency in the privately funded sector. The reputation of Hong Kong's post-secondary education is affected for better or for worse by both its publicly and privately funded parts.

**Recommendation 2:**

**There should be a single oversight body for the non-publicly funded part of the post-secondary education system.**

**DEVELOPMENT OF POST-SECONDARY EDUCATION**

*Public and Private Provision*

3.23 The Government has clearly signalled its policy to seek a future expansion of post-secondary education from private providers. This was emphasised in some major recommendations of the 2002 Review Report, and a number of more recent government initiatives have confirmed it.

3.24 It is possible, however, to argue that publicly funded provision ought to be expanded. Currently, the public sector provides first-year, first-degree places for about 18% of the 17-20 age cohort – plus a further 2% as articulation places into Year 2. This 18% has remained unchanged since 1994. In our consultations, we received several representations that it is too low, and very low by developed country standards. This latter point is undoubtedly true: perhaps only Germany amongst developed countries has a comparably low publicly funded undergraduate rate.

3.25 Indeed, many Western countries have greatly increased their publicly funded undergraduate levels in the last 20 to 30 years. It is not self-evident that all of the changes have been unqualified successes. For example, some of the increase has been achieved by changing the name of institutions to universities, without much change to available funding. Other expansion has been achieved through the addition of only a very marginal amount of dollars per additional student. Some countries give all school leavers the right to go to university if they have passed leaving examinations. This poses impossible challenges to universities, which either then weed out very large numbers after the first year (at great social cost) or provide a lamentable level of teaching. In all cases, the increase in numbers has been accompanied by deteriorating staff-student ratios.

3.26 Although publicly funded education predominates in Western countries, it is by no means the only model, as pointed out in Chapter 2. The US has a vibrant and large private university/college sector. This is also the case in many Asian countries, with Japan, South Korea and Taiwan having private sectors that are significantly larger than their public counterparts. Indeed, in the middle of the first decade of this century, private institutions accounted for 86.3%, 87% and 65.8% of the total number of higher education institutions in Japan, South Korea and Taiwan respectively, enrolling 77.1%, 78.3% and 71.9% of the total student population [E25]. Yet this model is not an unqualified success. In the US, a private education is now very expensive, and there has been clear overprovision in Taiwan and Japan. The quality of some private provision appears sub-optimal.

3.27 As noted in Chapter 2, there is a marked world trend of increasing private provision in the post-secondary sector. In this context, the Government's policy is well within the frame of world models. As we understand it, the growth of private funding favours the development of innovation and different models of provision for different needs (often previously inadequately provided for). Moreover, the distinction between a private sector and a public sector is no longer absolute because forms of private financing have entered the public sector. Furthermore, given the particular budget constraints of Hong Kong, such a policy does allow the expansion of the sector without jeopardising, through the dilution of units of resource, the level of funding per place that is, in our view, a requirement for the sort of excellent teaching and research we consider Hong Kong deserves in its UGC-funded institutions (and which we hope to encourage further through this report).

3.28 Hence, it is not inappropriate that expansion in the post-secondary area including undergraduate work should be met largely by private provision. This raises three questions. How can the Government encourage the private sector? How far does Hong Kong need that sector to develop to meet demand? How far is a market approach compatible with a directed framework for provision? The Government's present structure of direct and indirect subsidies to the self-financing sector is a sufficient and reasonable measure of general encouragement, although the budgetary implications of that commitment require careful monitoring. As for how far the sector should develop, it is difficult to predict demand before the "3+3+4" system has come into effect. At the same time, there are clearly elements of skill provision, in areas ranging from the professions allied with medicine through to the whole domain of lifelong learning, which will need to be supplied by and will be attractive to the private sector. Furthermore, the growth of provision in Hong Kong international education (as discussed in Chapter 4) also provides opportunities for private and public provision. The Government's identification of new sites implies an

expanded capacity for 17,000-18,000 students (see paragraph 3.43 below). Finally, as for the relationship between the private sector and a framework for meeting Hong Kong's needs, that is precisely one of the objects for which a new oversight body should be effective.

3.29 Nonetheless, the growth of private provision is not exempt from danger. Such a policy implies a number of necessary safeguards. There are three obvious dangers: the financial failure of an institution, increasing confusion in the sector as a result of an uncoordinated plurality of initiatives, and inadequate quality of provision. A simple reliance on market forces will not work. In a matter as important as this to Hong Kong residents, there must be sufficient government regulation. Ultimately, the government must be ready to accept that a private institution may fail. However, it needs to act to reduce that possibility by strict requirements for the capitalisation of new institutions and annual review of their financial statements. Furthermore, if confusion is allowed to develop further in the system, the interests of students will be harmed. There is a requirement for proper pathways within the self-financed sector and between the self-financing and publicly financed sectors (see paragraphs 3.49-3.52 below). Finally, vigilance about quality requires a review of the mechanisms for quality assurance across the whole system (see Chapter 8).

3.30 These considerations add force to the recommendations made in paragraphs 3.21 and 3.22 concerning the action of the Education Bureau and the need for an oversight body in the non-publicly funded part of the system.

3.31 There is a more general problem associated with the growth of provision, whether private or public. Growth appears to stimulate homogenisation or convergence between institutions in all parts of the world at all levels. This seems to be the consequence of competition. Institutions seek to develop popular courses that bring in the most students, and avoid less popular areas with higher overheads and less attractive cost-revenue ratios. Emulation of other institutions with high reputations or good ideas can have a similar effect. In fact, convergence reduces choice. Diversity of provision is required to provide the range of educational experiences and skills that Hong Kong needs for a flexible and agile future. A clear differentiation of roles amongst the institutions of the whole system is crucial to ensure full diversity of provision. Hence, the natural convergence of institutions needs to be moderated, which should be the responsibility of the Education Bureau.

### **Recommendation 3:**

**There should be a clear differentiation of roles throughout the post-secondary education system to ensure full diversity of provision.**

#### *Developments in the Self-financed Sector*

3.32 In what ways will demand for post-secondary education in Hong Kong change over the coming decade? We have found it difficult to assess what changes might occur after 2012 as a result of the Hong Kong Diploma of Secondary Education at the end of Secondary 6. A different form of school-leaving assessment and a younger leaving age may well encourage wider expectations of progression into post-secondary education. However, basic patterns may not change much, especially as the demographic decline works through. The current cohort size of about 85,000 is expected to decline to about 59,000 in 2022, which would be a contraction of 31% [E26]. Nonetheless, it is time now to make preparation for future demand. The exceptional growth of sub-degrees over the last 10 years points to a strong appetite for post-secondary education. Indeed, evidence from elsewhere suggests that educational aspirations generally increase over time, which translates into pressure for access to degree courses as opposed to qualifications deemed less desirable in the public mind.

3.33 Other considerations accompany these predictable pressures. As discussed in Chapter 2, an educated population is vital for the successful engagement of Hong Kong in globalisation. The Government's policy of developing an education hub also implies an increase in post-secondary places if local demand is not to be displaced. Finally, there must be room to develop courses to meet new demand, such as for lifelong learning.

3.34 In the previous section, we discussed the policy of expanding self-financing provision in Hong Kong. The uncertainties surrounding the size and shape of future demand add weight to this strategy. It must be recognised, however, that the current shortfall in the take-up of available undergraduate degree and sub-degree places is almost entirely in the self-financing sector.

3.35 The self-financing sector has the flexibility to be well attuned to demand and the ability to shift resources quickly. The programmes it can offer are largely based on what the market can pay, and hence laboratory-based subjects are not usual. Research – a cost-intensive and generally non-revenue-generating activity – is limited. Nonetheless, this development is not cost-free to the Government. Student grants and loans have been extended

in this sector to assist students, and there are indirect costs, such as grants of land and the provision of loans to institutions. It follows that the proper control of public finances implies a degree of control by the Government over the growth in the number of self-financing places. Indeed, in the absence of effective ring-fencing arrangements, the Government would have to bear the financial risks arising from an expanding private sector.

3.36 The quality of the self-financing sector is currently assured by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ) and Joint Quality Review Committee. *The Report of the Phase Two Review of the Post Secondary Education Sector (April 2008)* noted the advisability of enhanced and coordinated action on quality assurance, a topic that we revisit in Chapter 8.

#### *Future of Sub-degrees*

3.37 It appears that sub-degree programmes do enhance the career prospects of students. According to the latest statistics, the average monthly salary of self-financing sub-degree graduates was about \$9,000. The median monthly employment earnings of Form 7 graduates without any further educational qualifications were \$7,000.

3.38 The longer established and vocationally oriented Higher Diplomas are well-regarded qualifications. The Higher Diploma qualification fares better than the Associate Degree in terms of recognition by employers, given that the Higher Diploma has a longer history in Hong Kong and is generally considered an exit qualification for vocational or professional development. Our consultations suggested that Higher Diploma programmes are delivered most competently and appropriately. We would be concerned if they were to be diluted or diminished, as they fulfil an important function in Hong Kong.

3.39 We have concerns about the Associate Degree. Our consultations revealed that this qualification has neither established a clear identity in the public mind nor much legitimacy as a stand-alone attainment. It is possible that many of those who deliver Associate Degrees regard them as stepping stones to full degrees, as do many of those studying for the qualification. This is an ambiguous situation that can lead to disappointment. More clarity is needed.

3.40 It may be that the Associate Degree has established itself as an important pathway through post-secondary education. The institution into which an individual articulates for the completion of a full degree depends upon the level of his/her attainment at the end of two years. A percentage of students

are unable to articulate, either because of their level of attainment or because of pressures to enter the labour market. However, if the Associate Degree is essentially the first half of a full degree, it would be desirable to make that clear.

3.41 There is merit in having a two-stage degree structure alongside the more conventional route – it allows students to leave with a qualification in hand if they cannot manage the full four-year degree. It allows greater flexibility within the system so that students can move around according to their interests and capacities. Students can pace themselves and pause their education for a while if they need to. However, when there is no pause, the two-stage route should not have to be longer than the more conventional route.

3.42 At the same time, there is equal merit in having a two-year qualification that is seen not simply as an incomplete degree course but as a credible qualification leading to useful employment and an enriched personal experience. As Hong Kong moves, like the rest of the world, towards a much more diversified offering of education suitable for the needs of an evolving economy and society, it would be counterproductive to force new forms into a template offered by traditional provision. All of this emphasises the requirement for transparency across the whole sector and for clarity about its component parts.

#### **Recommendation 4:**

**There should be greater clarity about the character of the Associate Degree and its place in the structure of the qualifications offered by the post-secondary education system.**

#### *Private Universities*

3.43 The Government intends to encourage the establishment of new universities to increase the private provision of degree programmes. It has reserved six sites that are expected to provide a total enrolment of 17,000 to 18,000 self-financed degree places. These universities are most likely to arise from existing or newly established institutions acquiring university status, or foreign universities establishing new institutions in Hong Kong (or establishing satellite campuses with the aim of progressing towards the eventual status of universities). We discuss the entrance of foreign universities in Chapter 4.

3.44 Because they would not receive direct grants, private universities could set their own institutional and academic strategies according to their own sense of the market and internal consensual ethos. However, this does not mean that such institutions would be entirely free of regulation, especially in

terms of accreditation, quality assurance and the requirements laid down by professional bodies for elements of the curriculum. Furthermore, these universities would be operating in line with the public interest policies implemented by the oversight authority that we have recommended.

3.45 New universities offer the advantage of additional places in degree programmes for the school-leaving population and thus additional or alternative pathways to degree-level studies. Subject to our concerns about convergence mentioned in paragraph 3.31, private universities should in principle add diversity to the system through their potential to respond to niche demand, the need for different models of student progression and areas of emergent requirements. The amount of new degree programme space might, of course, be limited where institutions convert from delivering franchised programmes to delivering their own.

3.46 Two private universities already exist in Hong Kong outside the publicly funded UGC sector – the Open University of Hong Kong and Shue Yan University. The UGC was not consulted about the conferral of university status in either case. However, the credibility of Hong Kong university education requires that what is true of the Open University of Hong Kong and the Shue Yan University must be true also of any further addition to the university sector. The awarding of university status must be recognition that that an institution delivers courses of a degree-level standard (as distinct from professional qualifications of a technical character) and that provision of academic infrastructure and staff is appropriate to such delivery.

3.47 It is to be expected that new universities will be predominantly teaching institutions, which is the principal reason for encouraging their growth. In this sense, they will be quite different from some of the research-based UGC-funded universities. That, however, should not preclude them from having access to competitive research funding as their capacity grows, as described in Chapter 6.

3.48 During our consultations, those institutions contemplating university status strongly indicated that the procedure for granting that status (Cap. 320) is laborious and time-consuming to the point of actively inhibiting such a move. However, we do not see virtue in speed in this matter, which demands great care. As previously mentioned, the Government is providing indirect subsidies to the private sector through student grants and loans that will grow in tandem with the expansion of the sector. The criteria for approving the establishment of private universities should thus be clearly articulated. We do recognise that Cap. 320 was drawn up in a different era within a different context: the Government has initiated a review of it, which we welcome. It is

certainly necessary to ensure this regulation's fitness for purpose in response to the Government's encouragement of growth in the private sector. We believe, further, that the current structure and criteria for empowering institutions to award degrees and for conferring university status to institutions should be streamlined and rationalised with a view to establishing a clear and consistent arrangement.

### *Pathways*

3.49 As noted previously, the rapid growth of self-financing post-secondary education in recent years has contributed very significantly to the attainment of the Government's participation target. This has been a realistic approach to the delivery of greater access to the post-secondary sector within budgetary constraints.

3.50 Nonetheless, this has emphasised the mixed character of the system, with publicly funded and self-financing elements co-existing and overlapping at points. It is self-evident that equity in such a system requires that there be clear pathways for progression within it. The assessment of attainment at specific age-defined points (especially at the passage from secondary to post-secondary education) is necessary for the functioning of any education structure. However, it is also arbitrary to some degree. Individual young people and their minds develop and mature at different rates, and many extraneous factors serve to accelerate or delay their aptitudes and appetites for learning. It is imperative that there be clear and easily workable mechanisms that allow individuals to progress within the post-secondary education system as their aptitudes increase, their interests change and their capacities are verified.

3.51 Furthermore, while we endorse a strategy of investing public money directly in universities with high-quality performance and in a proportion of young people whose performance identifies them as future leaders in society and the economy, this must not be allowed to become a closed community. The existing provision of loans and grants in the self-financing sector is an essential step. Pathways for progression between the private and public parts of post-secondary education are equally essential. The public will believe that the mixed system is reasonably equitable provided that such pathways are seen to function.

3.52 Of course, there is movement in the system at present, and provision for articulation. However, this is insufficient. In practice, there is insufficient clarity and probably insufficient advice offered to individual students. We have noted, for example, cases in the UGC sector where a university has decided that a two-year sub-degree was insufficient preparation



for articulation into its degree course at the expected point and has imposed additional terms of study.

### **Recommendation 5:**

**Pathways for student progression through the whole post-secondary system and between its parts should be made clearer, including for those returning to education at different times.**

3.53 Universities and other institutions are and must remain free to decide which students they admit. Nonetheless, the clarity and reality of student progression would certainly be facilitated by the adoption of a robust CATS that would be coherent across the whole post-secondary education system and between comparable institutions within the system. A common credit system is not very effective by itself, and needs four other elements: a framework of levels and level descriptors (which has been provided in Hong Kong by recent work on the Qualifications Framework), a definition of learning outcomes, a commonly recognised transcript, and a trusted and comparable quality assurance system [E27].

### **Recommendation 6:**

**A transparent and trustworthy Credit Accumulation and Transfer System should be developed for the whole post-secondary system.**

## **Publicly Funded University Places**

3.54 We have shown that the self-financing sector now predominates at the sub-degree level, that it is rapidly coming to equal that of the public sector at the undergraduate degree level, and that it predominates at the taught postgraduate level but is almost non-existent at the research postgraduate level. In general, society seems to accept that sub-degree education should be predominantly met by the self-financing sector – as long as appropriate publicly funded grants and loans schemes are in place and there is adequate articulation to undergraduate programmes. There also seems to be general acceptance of the premise that taught postgraduate courses benefit the individual more than society, and thus the individual should bear the cost.

3.55 As for provision at the undergraduate level, publicly funded first-year, first-degree places continue to play a dominant role. This will

change: with the Government's encouragement, the self-financing sector will become more active in meeting demand for undergraduate places.

### *First-Year, First-Degree Places*

3.56 In view of Government's recent slight addition of 500 publicly funded first-year, first-degree places, and as we agree with the expansion of provision through the private sector, we do not recommend a further increase in the number. Yet we offer one *caveat* relating to manpower planning requirements.

3.57 Currently, in the UGC-funded sector the Government requires a fixed number of entrants to courses that provide qualifications for professions considered essential to public policy (such as medicine, teaching, nursing, the law, social work, *etc.*). These figures are revised upwards or downwards each financial triennium according to projections of need. For the current 2009-12 triennium, they account for 18% of all first-year, first-degree places (the respective percentages for sub-degree and taught postgraduate degree places are 35% and 85%, and none for research postgraduate places). Experience shows that this is a very inefficient mechanism. Projections are difficult to make with certainty, and have been shown to be flawed. This has resulted in sharp changes in requirements, which in turn have resulted in alternate over- and under-provision of staff and infrastructure.

3.58 The assignment of places to manpower requirements should be greatly loosened or removed altogether. By considering all post-secondary education as a single system the Government can expect to see requirements met through the dynamism of institutions seeking opportunity. Furthermore, numbers of places do not need to be so closely prescribed, because graduates with these qualifications are able to and do enter other jobs than the destinations narrowly defined for them.

3.59 The requirement for such a large percentage of what is a relatively small number of total places available imposes a great burden on both the UGC and its funded institutions in terms of resource allocation and the ability to achieve innovation, change and strategic planning. At the University of Hong Kong, the Chinese University of Hong Kong and the Hong Kong Polytechnic University, approximately 23% of first-year, first-degree places are subject to manpower planning. If the Government cannot loosen its manpower planning demands, then it should increase the total number of first-year, first-degree places that it makes available to the UGC-funded sector.

## **Recommendation 7:**

**Manpower planning requirements in the allocation of first-year, first-degree places should be abolished or considerably loosened.**

### *Senior Year Articulation Places*

3.60 A key theme in this chapter is the need for greater opportunity for and more transparency in articulation between the various levels of provision. We also believe strongly that the trade off for having a relatively low number of publicly funded first year, first-degree places should be adequate senior year articulation places into the public sector to allow those spending their own funds on sub-degree courses to feel that they have a fair chance of articulating into the public sector. This is both necessary for social justice and for Hong Kong's knowledge-economy needs.

3.61 At present, there are approximately 2,000 senior year articulation places into Year 2 of undergraduate programmes available annually. This equates to only about 10% of sub-degree graduates each year and is neither sufficient to meet demand nor gives high achieving sub-degree graduates the opportunity to develop further. The number should be doubled as a matter of urgency and additional funding should be provided to the UGC for this purpose [E28]. We believe this irrespective of the possible impact on sub-degree numbers from demographic contraction and the potential acquisition of university status by some community colleges. The achievement of a fluid and equitable post-secondary system requires this greater opportunity for articulation between the self-financing and public sectors.

3.62 We are very pleased that the Government has taken into account our views on this issue, and that the Chief Executive announced in his 2010-11 Policy Address the doubling of the number of senior year places.

## **LIFELONG LEARNING**

3.63 Chapter 1 laid out the relationship between globalisation and education. It is clear that the world is engaged in a process of rapid and fundamental change in the technologies of production, the objects produced and the geography of economic success. We do not know whether the pace of change will slacken, but it would be unwise to assume that it will. It is a matter of common agreement that people will have to re-skill several times to accommodate themselves to technical or technological change so that they

remain productive citizens. To this we must add the requirements of those seeking a change of career and the ordinary needs of the refreshment of useful knowledge.

3.64 There are many lifelong learning opportunities, including part-time and distance learning courses, for different groups of learners (*e.g.* employed persons and retirees, *etc.*). The major providers of part-time post-secondary programmes include the self-financing arms of UGC-funded institutions, the Open University of Hong Kong and the Vocational Training Council, *etc.* The relevant statistics are provided in **Annex G**.

3.65 The development of a lifelong learning ladder was mentioned in the Chief Executive's 2000 Policy Address, and a Continuing Education Fund was established in 2002 to subsidise those aged from 18 to 65 with learning aspirations to pursue continuing education. At present, the Fund subsidises people taking approved courses in financial services, China business, logistics, tourism, design, languages, and interpersonal and intrapersonal skills for the workplace. Since its establishment in 2002-03, the Fund has provided cumulative subsidies of about \$2.6 billion (as at 2009-10) to eligible people.

3.66 A key development was the establishment in 2004 of the Qualifications Framework to provide learners with a clear articulation ladder to foster a vibrant, flexible and responsive environment that would promote lifelong learning. The Framework was given legislative backing in May 2008, and it is now easier for learners to draw up their own roadmaps to upgrade their knowledge and skills at different stages and through different channels. In conjunction with the Qualifications Framework, the Recognition of Prior Learning mechanism has been developed to enable employees to obtain formal recognition of the knowledge, skills and experience they have acquired in the workplace, and to reduce duplication in training for the same skills. We appreciate these meaningful initiatives, which are underpinning the promotion of lifelong learning.

3.67 The Employees Retraining Board, established in 1992, offers courses (through 72 training bodies) to help trainees who meet the prescribed criteria to acquire the skill sets needed to secure employment. Since December 2007, the Board has broadened its remit to include people from 15 years of age onwards with an education attainment up to the sub-degree level. More recently, it has also focused its resources on providing training programmes designed with job placement specifically in mind. The Board is dedicated to developing courses recognised under the Qualifications Framework to establish clear learning pathways for its trainees. In 2009-10, approximately 94,100 trainees had completed retraining programmes provided under the Board's umbrella.

3.68 As learners mature at different paces, the availability of lifelong learning opportunities enables them to explore and develop their potential at stages in life that suit their own circumstances. One should not think of lifelong learning as simply there for the satisfaction of individuals – it is a necessary part of an integrated post-secondary system designed to allow Hong Kong to be flexible and adaptive as the rapid pace of change makes new demands for re-skilling the population. It is an important part of keeping Hong Kong relevant.

3.69 Hence, it would be quite wrong to suggest that opportunities for lifelong learning are not currently provided in Hong Kong. Nonetheless, we believe that a more comprehensive strategy for the provision of lifelong learning opportunities needs to be developed in all parts of the post-secondary sector. This is not a straightforward matter and will require appropriate planning for people who have quite different characteristics from the bulk of those in post-secondary education. Much work is needed to establish the population's demand for lifelong learning at all levels, from the sub-degree to the postgraduate level, and to examine how that demand should be met. It may be that greater public funding for certain levels or programmes is necessary. A comprehensive review, overseen by the Government, is needed.

#### **Recommendation 8:**

**There should be a comprehensive review of the future provision and distribution of lifelong learning opportunities throughout the post-secondary system.**