

Challenges Ahead: Not Changing is not an Option

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(Following is the keynote speech by the Permanent Secretary for Education, Mrs. Cherry K.C. Tse, delivered at the FSTE 20th Anniversary Conference on Self-financing Tertiary Education: The Way Forward, held in the Hong Kong Jockey Club on 13 November, 2014.)

Professor (Peter) Yuen, Professor (Edward) Chen, ladies and gentlemen,

Good afternoon. It gives me great pleasure to be here with you today to celebrate the 20th Anniversary of the Federation for Self-financing Tertiary Education (the FSTE in short).

The FSTE's role

In human terms, the first 20 years denotes birth to adulthood, at a stage where reflecting upon the past and contemplating what may lie ahead is most appropriate.

The Federation has been a strategic partner of the Government in promoting self-financing post-secondary education in Hong Kong. It has been actively involved in implementing and coordinating major initiatives in the sector, including the development of Common Descriptors for Associate Degree and Higher Diploma Programmes; design of the Award Titles Scheme and the operation guidelines for the use of Qualifications Framework credit; the introduction of Yi Jin Diploma programme; and the use of the Specification of Competency Standards in the electives of Yi Jin Diploma. I would like to thank the Federation for its invaluable contribution.

In the process, true to its role, the Federation does not hesitate to apply pressure on the Government! Don't take me wrong, this is not meant to be a complaint; this is meant to be an expression of gratitude! Why? As a coordinating organization, the Federation is understandably keen to promote the interests of the self-financing post-secondary education sector. Without the Federation, we would still have to deal with the institutions but individually. With the Federation, our dialogue with the sector has been enriched. We now have, in addition to individual voices, an overall, coordinated representation. In the few minutes to follow, I shall briefly scan where we are now, followed by some observations on the challenges ahead and why I think not changing is not an option for the sector as a whole.

Where we are now

Over the past ten years, we have witnessed the phenomenal growth of the self-

financing post-secondary education sector in Hong Kong, both in terms of student number as well as the number and diversity of the programmes offered. This growth was propelled by clear market signals demanding more post-secondary and higher education opportunities. Epitomizing the sector's efficient response is the rise in number of self-financing local degree-awarding institutions from only three to 10 in the past decade. Concomitant is the phenomenal increase in the number of places available. Ten years ago, only around 1,000 or 6% of our full-time locally-accredited first-year-first-degree places were offered by the self-financing post-secondary education sector. Today, 7 000 such places are offered by the self-financing sector. In addition, thanks to the collective efforts of the publicly funded and self-financing sectors, today, more than 38% of the relevant age cohort has access to undergraduate education opportunities.

The growth is no less impressive at the sub-degree level. The last decade has witnessed a three-fold increase in full-time locally-accredited intake places offered by the self-financing sector, from about 10,000 places to 30,000 in the 2013/14 academic year. The overall post-secondary participation rate for relevant age cohort has reached nearly 70%, which is more than doubled the 30% record of 2004.

Nevertheless, number was not the only thing on the Government's mind. Diversity was also a key consideration. In this connection, I would also like to thank the Federation and the self-financing institutions for giving students more choices — choices in terms of not only fields of study, but also duration, outcomes, target groups and mode of delivery. The programmes available range from non-credit-bearing interest classes to credit-bearing professional courses. In terms of learning outcome, applicants can choose from craft level to doctoral degree level. In terms of mode of delivery, distance learning, blended learning and face-to-face programmes are available. In terms of duration, the range is a few hours to a few years. There are programmes targeted at different types of learners including full-time and part-time students, school leavers and working adults with different learning objectives and levels of affordability.

The Federation and the self-financing sector that it represents have served Hong Kong well, thanks to the sector's flexibility, diversity and responsiveness. Complementing the growth of the self-financing sector is our work on the Qualifications Framework and the Credit Transfer System, which together help lay the foundation for lifelong education. Lifelong education is a never-ending endeavor. On an individual level, it enables a person to stay relevant and competitive. On a macro basis, it determines if an economy is sustainable and can survive and thrive in a fast-changing, globalized knowledge-based economy.

Hong Kong's manpower needs always top our priority. The Government has introduced the Study Subsidy Scheme for Designated Professions/Sectors starting from the 2015/16 academic year to subsidize up to 1,000 students per cohort to pursue designated full-time locally-accredited self-financing undergraduate programmes in selected disciplines to nurture talents to meet Hong Kong's social and economic needs. The Scheme will be implemented on a pilot basis for three years and then subject to a

review on its effectiveness. We are glad that the Scheme is well-received by the sector.

What we are facing

I have no crystal ball. But one thing is certain. The coming 10 years would be rather different from the last. Quantitatively, the "growth period" will probably take a reverse gear. Based on Census figures, we project a decline in the number of secondary school graduates, implying also a corresponding drop in the number of prospective student intakes of post-secondary education. In concrete terms, the projected drop is from about 65,500 in 2014 to 42,700 in 2022; thereafter, it is projected to pick up again, rising to 43,700 in 2023.

The decline in the first few years should be relatively mild but will be more drastic from around 2018 onwards. Disequilibrium will be unsettling for the institutions, both management and staff. Though the storm is brewing, this does not mean that there is nothing that we can do. With careful planning, an orderly consolidation mitigating significantly the negative impact is still possible. To facilitate the sector to devise a consolidation game-plan, my Bureau has kick-started a dialogue with the institutions and the Federation. The most recent sharing session was in April this year. We shall continue to provide the sector with updated demographic projections and manpower trends. These updates enable us to adopt an evidence-based approach to urging the sector to critically examine their medium to long term planning, from HR to programme diversity, student number and contents.

Sustainability hinges not only on getting students, but more importantly, on the credibility of the learning process and learning outcomes. Credibility in turn rests upon the tripod of quality, vocational relevance and sound governance. Over the last 20 years, the Government has put in place various support measures, all aimed to ensure, directly and indirectly, that the tripod is sturdy. We have done so because we value highly the self-financing sector and our partnership with the sector.

Partnership in addressing challenges

To help promote a healthy development of the self-financing sector, the Government has, right from the very beginning, provided land and premises at nominal premium or rent and made available interest-free start-up loans and student finances. The terms of some of these support measures have also been enhanced. We remain vigilant in identifying measures which may enhance the credibility of the sector without detracting from its market responsiveness. For instance, we have in the last few years, introduced quality assurance subsidies and a \$3.52 billion Self-financing Post-secondary Education Fund to provide scholarships and support quality enhancement efforts of institutions.

We have also allocated \$3 billion to support research projects to enhance the academic and research capacity of self-financing tertiary institutions. Prior to 2013, the Matching Grant Scheme was confined to the publicly funded institutions. The academic

year 2013-14 saw the extension of the Scheme to the self-financing sector, with \$2.5 billion earmarked for the self-financing sector. It is our hope that in seeking to garner more funds and diversify funding sources, the institutions will enhance their dialogue with the business and industrial communities on talent and manpower development. These discussions will in turn help ensure institutions' programme relevance.

Notwithstanding the Government's keen concern about programme relevance, we do not subscribe to micro-management. Instead, we facilitate. In October last year, the Committee on Self-financing Post-secondary Education organized the "Seminar on Closer Alignment between Post-secondary Education Institutions and Industries" to promote exchanges between institutions and industries. To sustain the momentum, follow-up actions such as stock-taking of the current situation through surveys, focus group meetings with post-secondary graduates, sharing of good practices by post-secondary institutions, conduct of industry-specific surveys on employers' views on the performance of post-secondary graduates, etc. are being or will be taken.

We are gratified to note that, responding to community demands, the self-financing sector has been progressively enhancing quality assurance and student support. Examples include the adoption of common application and admission arrangements, making known the estimated intake places, and promulgating in April last year a set of guidelines for locally-accredited self-financing programmes at the undergraduate level and below to enhance consistency and transparency in enrolment and admission arrangements.

Worth particular mention is governance. Governance makes or fails an organization because for any institutions, governance is the Central Processing Unit which filters all deliberations. The Committee on Self-financing Post-secondary Education, serving as a useful platform for discussing macro and strategic issues of common interest to the self-financing post-secondary sector, announced in August this year the outcome of a consultancy study on good practices on governance and quality assurance with reference to local, regional and international experiences. To advance the work on governance enhancement, a sharing session with the institutions will be organized later this month. Hopefully, others' good practices will provide useful reference for institutions to take forward their own reflections of how their governance mechanisms could be strengthened.

Concluding remarks

Ladies and gentlemen, the self-financing sector is very vibrant. On the whole, it is responsible and takes prompt action to develop remedies to address identified inadequacies. It is also responsive to market signals and to information provided in good time. Therefore, at this point in time, we see no cogent case for micro-management by the Government. Nevertheless, the Government does have a role to facilitate the healthy and orderly consolidation by the sector. Apart from support measures in money and in kind, we also provide the sector with timely updates of

demographic projections and manpower trends. We also encourage the sector to enhance partnership with employers and various business and professional organizations to help ensure programme relevance as well as to secure internship and employment opportunities for their graduates. Underlining all these reflection and planning processes is the promotion of good governance.

The next decade is going to be a trying period for the self-financing sector. Not changing is not an option. Institutions that can adapt in good time will stay fit and excel with quality and market appeal. As Albert Einstein put it, "The world as we have created it is a process of our thinking. It cannot be changed without changing our thinking."

My colleagues and I are grateful for the support given by the Federation and its Members. We also look forward to continuing our close partnership. Thank you.