

## **Accreditation of Academic and Vocational Qualifications Bill**

### **Resources Strategy to support the implementation of the Qualifications Framework and Accreditation Fee Levels**

#### **PURPOSE**

This paper briefs Members on the resources strategy being developed by the Education and Manpower Bureau (EMB) to support the implementation of the Qualifications Framework (QF), and provides information on the accreditation fee levels proposed by the Hong Kong Council for Academic Accreditation (HKCAA).

#### **PROPOSED RESOURCES STRATEGY**

##### **Key Considerations**

2. The QF is a new endeavour in Hong Kong aiming to promote lifelong learning and competency-based training. A rigorous quality assurance mechanism is the cornerstone of the QF, in order to ensure its credibility and sustainability. Given that participation in the QF is voluntary, its successful implementation hinges on the continuous support of the stakeholders including employers, employees, training providers and other relevant organizations. In addition to promoting to the general public and the individual industries the benefits of the QF, EMB has been considering the feasibility of providing suitable incentives to encourage stakeholders' participation, as well as to reduce the burden the quality assurance and related measures may bring to bear on them, particularly at the initial stage of QF implementation.

3. Given that the additional expenditure to be incurred by the key stakeholders arise mainly from the quality assurance measures (e.g. accreditation and assessment) stipulated by the Accreditation of Academic and Vocational Qualifications (AAVQ) Bill, we consider it justifiable for the Government to provide them with some forms of financial assistance to support quality enhancement through accreditation and assessment. Accordingly, we would gear our proposed resources

strategy towards supporting the stakeholders in implementing the **quality assurance measures** under the QF.

## **Proposals**

4. Our proposed resources strategy seeks to assist the following categories of stakeholders in implementing the QF and undertaking further training:

- (a) education and training providers which are non-self-accrediting institutions and have to undergo accreditation by HKCAA. They may have to incur additional expenditure in seeking accreditation for the institutions and training programmes;
- (b) assessment agencies to be appointed by the Secretary for Education and Manpower (SEM) to conduct Recognition of Prior Learning (RPL). The agencies will have to incur expenditure in setting up the RPL mechanism and putting in place the necessary facilities; and
- (c) employees who undergo RPL assessment for further learning purposes. They will have to pay assessment fees, in addition to course fees.

5. Nonetheless, to avoid creating a recurrent financial burden on the Government/the public, the guiding principle is that the financial incentives to be introduced by the Administration will be provided on a non-recurrent basis and one-off in nature. They will be subject to approval by the Finance Committee after the enactment of the AAVQB and review after a specified period to ascertain their effectiveness. As non-recurrent funding is involved, the continuity of the schemes will be subject to the availability of funding and the outcome of the review. To support the key stakeholders who will undergo assessment or accreditation under the QF, EMB is considering the following possible financial incentives:

## *A. Accreditation and Assessment Subsidies*

### *(a) Accreditation grants for self-financing programmes*

6. We propose to make available an accreditation grant to non-profit-making training providers, as an incentive for them to seek accreditation of their learning programmes. Learning programmes covered by the grant must be self-financing.

7. The grant will cover the full cost of the “initial registration” of providers, and 50% - 75%<sup>1</sup> of the “programme validation” fees (see paragraph 19 below on fee levels). A maximum limit of the grant for each provider may be specified to enable more providers to benefit from the scheme.

### *(b) Accreditation fees of courses subsidized by EMB*

8. EMB has been subsidizing the provision of vocational training and retraining to eligible persons through the Skills Upgrading Scheme (SUS) and Employees Retraining Board (ERB). These courses will have to be accredited by HKCAA to ensure that, on completion of the courses, the trainees concerned would obtain a qualification recognized under the QF. We consider it justifiable for EMB to bear the full cost of accreditation of these EMB-subsidized courses.

### *(c) Grant for Programme Area Accreditation*

9. We will encourage the better established training providers to undergo Programme Area Accreditation (PAA) which will confer them self-accrediting status in specified programme areas. We propose to make available a grant to assist non-profit making training providers to undergo PAA to obtain self-accrediting status in specified programmes areas. The grant will cover 50% of the accreditation fees. A maximum limit of the grant for each provider may be specified to enable more providers to benefit from the scheme.

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<sup>1</sup> The grant will cover 75% of the accreditation fees for programmes designed according to the Specification of Competency Standards developed under the QF. For other programmes, the subsidy level will be pitched at 50%.

*(d) Registration fees for qualifications*

10. Pursuant to the AAVQ Bill, the Administration will establish a Qualification Register (QR) to provide information on all QF recognized and quality assured learning programmes, qualifications and education/training providers. Training providers will have to pay a fee to cover the cost incurred by the QR Authority in registering and maintaining the qualifications on the QR. The fee will be in the region of \$200 for registering the qualification and \$250 for annual maintenance. To entice more training providers to upload their qualifications onto the QR at the initial stage of its establishment, we propose to offer a time-limited discount of 50% of the relevant fees for each of the qualifications.

*(e) Financial assistance to RPL Assessment Agencies*

11. The purpose of establishing an RPL mechanism is to enable employees of various background and educational attainment to obtain formal recognition of the knowledge, skills and experience already possessed by them, so that they can pursue further learning without the need to start from scratch. To facilitate the implementation of the RPL mechanism, we propose to provide some financial assistance to assessment agencies appointed by SEM. Possible support measures include a one-off start-up grant to assist assessment agencies to develop the assessment mechanism and set up the necessary facilities; and a 50% subsidy of the accreditation fee incurred by the agency for determining its competence in performing RPL assessment functions.

*(f) Reimbursement of assessment fees for RPL*

12. Employees seeking recognition under the RPL mechanism will have to pay an assessment fee to cover the cost of conducting assessments. To ensure that the fees are pitched at a reasonable and affordable level, they will be subject to EMB's approval.

13. In line with our overall objective to promote lifelong learning and skills upgrading, we are considering ways to help those who have relatively low educational attainment (e.g. Secondary 3 or below) to

obtain RPL for the purpose of further training/education. We propose to provide eligible employees with a 50% subsidy of the RPL assessment fee. In other words, we will reimburse 50% of the assessment fee to the employee concerned upon his/her passing the RPL assessment and completion of a QF-recognized training course. Having regard to the large number of employees who may potentially benefit from the proposed subsidy, we intend to cap the subsidy for each employee at, say, \$1,000. Subject to this ceiling, there would not be a limit on the maximum number of applications to be made by an employee.

### ***B. Training Subsidies***

14. Over the years, the Government has put in place various training subsidy schemes to support manpower development and skills upgrading in Hong Kong. Notable examples include the Employees Retraining Schemes (ERS) and the SUS. The recurrent funding for the ERB amounts to about \$400 million each year, creating over 100,000 re-training opportunities for the unemployed and displaced workers with low educational attainments and low skills. With a total funding of \$400 million, the SUS provides skills upgrading training for workers with low educational attainments in 23 industries, and over 160,000 in-service workers have benefited from the scheme since its inception in 2001.

15. In addition, the Government set up the Continuing Education Fund (CEF) in 2002 which aims to encourage eligible persons<sup>2</sup> to pursue continuing education to enhance their competitiveness. As at today, over 297,000 applications have been approved. The CEF is now under review, and it is our intention to extend the coverage of the Fund to support employees who pursue further training under the QF. The mechanism to integrate the CEF and the QF requires further deliberation and will be submitted to the Legislative Council Manpower Panel for consideration in due course.

### ***C. Tax exemptions***

16. Under the existing Inland Revenue Ordinance (Cap.112), in computing an employer's profit tax, deduction is allowed in respect of the

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<sup>2</sup> Eligible persons under the CEF are Hong Kong residents aged between 18 and 60.

expenses in providing sponsorship for his employees to attend job-related courses. Furthermore, a salaries tax payer may claim deduction of self-education expenses, including tuition and the related examination fees paid for a “prescribed course of education”<sup>3</sup>. The maximum amount deductible in a year is \$40,000.

17. In the AAVQ Bill, we propose to amend the Inland Revenue Ordinance to the effect that a “prescribed course of education” shall include a course recognized or accredited by the future Hong Kong Council for Accreditation of Academic and Vocational Qualifications. Such tax concessions can effectively complement our efforts in the implementation of the QF.

### **PROPOSED ACCREDITATION FEES**

18. At the last meeting of the Bills Committee held on 9 October 2006, Members noted a paper on the accreditation fees currently charged by the HKCAA, including the fee charging policy, cost components, and the monitoring mechanism by the EMB. Members requested the HKCAA to provide further information on the levels of the accreditation fees to be charged by the Council upon implementation of the QF.

19. Under the QF, the HKCAA will introduce a new streamlined and “fit for purpose” quality assurance process, which will significantly reduce the scale and the cost of its accreditation work, and hence give more room for fee reduction. The fee levels proposed by HKCAA for the new quality assurance process, together with the current fees charged, are set out below for Members’ information:

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<sup>3</sup> A “prescribed course of education” is a course of education undertaken at a specified institution to gain or maintain qualifications for use in the current employment or a planned new employment.

## Initial Registration of Providers<sup>4</sup>

QF Level	Fee for 2003/04	Fee from 2004/05	Proposed fee (maximum fee for that level)
1	-	-	11,000
2	-	-	11,000
3	-	-	28,000
4	300,000	300,000	47,500
5	1,295,000	1,295,000	75,000
6	1,295,000	1,295,000	75,000
7	1,295,000	1,295,000	75,000

## Programme Validation

QF Level	Fee for 2003/04	Fee from 2004/05	Proposed fee (maximum fee for that level)	Percentage reduction compared with 2004/05
1	-	-	20,000	-
2	-	-	20,000	-
3	269,100	140,000	51,000	- 64%
4	394,200	250,000	200,000	- 20%
5	926,000	620,000	320,000	- 48%
6	926,000	620,000	320,000	- 48%
7	926,000	620,000	320,000	- 48%

20. The fee levels proposed by HKCAA under the QF show a significant reduction in the accreditation fees at all QF levels. It should also be noted that the fees shown above represent the maximum fee that

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<sup>4</sup> Initial registration of providers is a new accreditation process introduced by HKCAA to examine the suitability of the provider to provide education and training. A provider must pass the initial registration stage before their training programmes will be validated. The initial registration process is different from the institutional review currently conducted by HKCAA for new providers, in terms of the scale and scope of the exercises.

HKCAA can charge for its accreditation activities at that level. The fee charging policy allows HKCAA the flexibility to offer discounts to clients whenever there can be savings on account of, for example, the conduct of a combined exercise for similar courses. From past experience, a discount of 20% to 40% can be made when two validation exercises can be arranged concurrently.

21. Members may also wish to note that under the Bill, the fee charging policy of the HKCAA is subject to SEM's prior approval. The proposed fee schedules are now being examined by EMB.

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Education and Manpower Bureau  
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