

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

### **Funding for the Qualifications Framework**

#### **Purpose**

This paper provides information on the issues raised by the Hong Kong Institution of Technology (HKIT) in its letter dated 16 November 2006 to the Chairman of the Finance Committee of the Legislative Council, which has been referred by the Bills Committee of the Accreditation of Academic and Vocational Qualification Bill (the Bill) to the Education and Manpower Bureau (EMB) for a response.

#### **Issues raised in HKIT's letter**

2. The issues raised by HKIT can be broadly summarized as follows :

- (a) The funding that has been provided to HKCAA, including the details and justifications for the funding; effects on the accreditation fees; and the procedures involved, particularly, the reason for providing the funding prior to the enactment of the Bill;
- (b) If different accreditation grants are to be provided for government subsidized programmes and non-government subsidized programmes, there may be controversies similar to those for the proposed Pre-primary Education Voucher Scheme; and
- (c) Subsidy should be made to institutions and trainees/students rather than the HKCAA.

#### **Administration's Response**

3. The Administration's responses to the issues raised are set out in the following paragraphs.

***(a) Funding to HKCAA***

4. The Executive Council approved in February 2004 the establishment of a Qualifications Framework (QF), and entrusted the HKCAA with the responsibility of assuring the quality of qualifications awarded under the QF. Following the approval, the EMB has been working closely with the HKCAA and other stakeholders to build up the infrastructure of the QF, in preparation for its implementation after the enactment of the Bill. The development activities and preparation work have placed enormous staffing and financial burden on the HKCAA which is a self-financing body.

5. To ensure that HKCAA has the necessary resources to assist the Government in the development of the QF infrastructure and to perform its expanded functions effectively under the QF, the Administration has approved, under the authority delegated by the Finance Committee, a Capital Account commitment of \$4.702 million for a computerisation project “Development of Qualifications Register and web-based guidelines for Qualifications Framework” under Head 156 Government Secretariat : Education and Manpower Bureau Capital Account Subhead 876 Hong Kong Council for Academic Accreditation. The funding covers the development and setting up of a new computerised system for the proposed Qualifications Register. The computer system is being developed.

6. Separately, the Administration has approved, under authority delegated by the Finance Committee, an Operating Account non-recurrent commitment of \$9.9694 million to support the “Implementation of Qualifications Framework” under Head 156 Government Secretariat : Education and Manpower Bureau Operating Account Subhead 700 General non-recurrent. The funding covers the development of a new quality assurance process and guidelines applicable to vocational training and the “Recognition of Prior Learning” (RPL) mechanism under the QF, the development and moderation of Specifications of Competency Standards (SCSs) for various industries, as well as conducting a survey on the training market, a pilot study for qualification registrations, training of subject specialists for the vocational sector, etc. These activities have largely been completed and provided useful inputs to the

deliberations of the policies and implementation details of the proposed QF.

7. The above two categories of funding were provided to HKCAA by two phases, of which the first phase (\$3.47 million under the Capital Account and \$3.8074 million under the Operating Account) was provided in January 2005 (which has been announced in our Legislative Council Brief on “Accreditation of Academic and Vocational Qualifications Bill 2005” issued on 21 June 2005). The second phase (\$1.232 million under the Capital Account and \$6.162 million under the Operating Account) was provided in March 2006. The above two categories of funding provided to HKCAA are both one-off in nature and the Government will not be responsible for any recurrent expenditure arising from the implementation of the computer system and the developmental activities undertaken. HKCAA is subject to close monitoring from the EMB in the use of the funds. Specifically, HKCAA is required to keep a separate account for the two categories of funding approved, and to report the use to EMB periodically. Also, HKCAA is required to include the accounts of the funds in its annual audited accounts to facilitate subsequent audit and examination.

8. It was necessary and justified to provide the above two categories of funding to HKCAA before the passage of the Bill to enable an early start of the necessary preparation work which takes time for completion. This is to ensure timely implementation of the QF following the enactment of the Bill.

9. By providing one-off funding to the HKCAA, the Government has borne the costs of developing the infrastructure of QF. We have no intention of recovering such costs from HKCAA in future. In other words, such QF development costs would not be transferred to the training providers or the learners. We have already informed Members of the Bills Committee in our previous submissions that the development costs for the HKCAA to establish a quality assurance mechanism to underpin the QF would be borne by the EMB. We have also included provisions in the Bill to ensure that the accreditation fees are subject to the prior approval of the Secretary for Education and Manpower (SEM).

10. With the continual development of the QF, HKCAA is expected to engage in more developmental activities. Further funding to support HKCAA's work in this respect would be considered where justified. We will seek funding approval in the usual manner, and submit funding proposals to the Finance Committee of the Legislative Council for approval if necessary.

***(b) Accreditation grants***

11. To facilitate the Bills Committee's deliberations, the Administration has submitted a paper (LC Paper No. CB(2)196/06-07(03)) in October 2006 setting out the resources strategy being developed by EMB to support the implementation of the QF. The paper was discussed at the Bills Committee meeting held on 31 October 2006. Among others, we propose to provide, as an incentive, accreditation grants to non-profit making training providers to subsidize partly the cost of accrediting their self-financing learning programmes. We also intend to make it a requirement for courses subsidized by EMB that they should be accredited by HKCAA in order to ensure that upon completion of the courses, the trainees concerned would obtain a qualification recognized under the QF. Since this will be a mandatory requirement, we consider it justifiable for EMB to bear the full cost of the accreditation of these courses.

12. We will take into account comments received when we further consider the design of the proposed funding schemes. The proposed schemes, when finalized, will be submitted to the Finance Committee of the Legislative Council for approval after the Bill is enacted.

***(c) Subsidy***

13. We have explained in the above-mentioned resources strategy paper the basic principles underpinning the provision of financial subsidies to stakeholders. We have pointed out that we would gear our proposed resources strategy towards supporting the stakeholders who are likely to be directly affected by the quality assurance measures stipulated in the Bill. Our proposed resources strategy would therefore seek to assist the following categories of stakeholders :

- (a) education and training providers which may have to incur additional expenditure in seeking accreditation for the institutions and training programmes;
- (b) RPL assessment agencies (to be appointed by the Secretary for Education and Manpower) which will have to incur expenditure in setting up the RPL mechanism and seeking accreditation to determine its competence; and
- (c) for employees and learners, we have proposed to subsidize the fees incurred by those who undergo RPL assessment for the purpose furthering their studies. We also propose to extend the coverage of the Continuing Education Fund to support employees who wish to pursue further training under the QF.

14. There is no new funding scheme in our proposal which directly subsidizes the operations of the HKCAA, other than possible capital or non-recurrent funding that may be required to support the further development of the QF (paragraph 10 above). We have no intention to provide recurrent funding to the HKCAA to support its normal operation.

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Education and Manpower Bureau  
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