

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

### **Charging of Fee for Accreditation**

At the meeting of the Bills Committee on the Accreditation of Academic and Vocational Qualifications Bill (the Bill) held on 10 October 2005, the Education and Manpower Bureau (EMB) was requested to provide information on the level of fees charged for accreditation test.

2. This information note sets out the fee charging policy of the Hong Kong Council for Academic Accreditation (HKCAA) which is specified as the Accreditation Authority under the Bill.

#### **Fee charging policy**

3. The HKCAA, as a statutory body, is self-financing and does not receive recurrent subvention from the Government. It is non-profit-making and charges fees for providing the accreditation services to recover the costs.

4. The fee charged by the Council for a particular service is composed of three elements :

- (a) Staff cost : This reflects the actual professional staff time committed for providing the service.
- (b) Direct cost : This is the variable cost for providing the service, e.g. the honorarium of panel members, transportation, passage and airfare for overseas panel members (if necessary).
- (c) Overheads : This is to reflect the share of the fixed costs of the Council, e.g. general administration, logistical support, office rental, and Council meetings. Currently, the benchmark is 50% of the sum of the staff and direct costs for a particular service.

Generally speaking, the accreditation fee is the sum of the three cost elements. The formula is applied flexibly and allows the offer of discount to clients whenever there can be some savings on account of, for example, combined accreditation exercises.

5. The above fee charging formula was introduced in early 2004 and as a result, there was an overall reduction in accreditation fees of over 30% compared with those in the previous two years. Further efforts towards cost control are being made. Next year, the Council will introduce a computer-based Management Information System which will provide more reliable data for monitoring and review.

### **Fee Charging under the QF**

6. With the implementation of a much streamlined and ‘fit for purpose’ quality assurance (QA) process under the QF, the fees incurred will be in accordance with the scale and nature of the accreditation exercise. In other words, the accreditation will no longer rely on any default model of an institution, which tends to lean towards the large, publicly funded institutions offering programmes at degree level. Such a new QA approach under the QF will give room to further reduction of the current accreditation fees derived from the above fee charging formula.

7. In any case, the Council realizes that under the QF, courses and operators to be covered will be of a much greater variety and that at some levels, simplified procedures and the use of junior professional staff might be justified. The use of overseas panel members normally will not be required. For these reasons, it is reasonable to expect much lowered fees for newcomers. Furthermore, the overall development costs for the Council to establish a QA mechanism to underpin the QF are borne by the EMB. They will not be transferred to the accreditation fees.

8. Under clause 34 of the Bill, the Council shall, not later than 5 months before the close of each financial year, submit, among other things, a statement of its fee charging policy in relation to the accreditation exercises for the following financial year to the Secretary for Education and Manpower for his prior approval. This serves to monitor the Council’s fee charging while allowing flexibility for the Council to determine its accreditation fee in consultation with the education and training providers.