PRIVATE PROVISION, PUBLIC SECTOR INCENTIVES: Towards Higher Education Excellence in Malaysia

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Malaysia's aspiration to be a regional centre for education excellence is highly dependent on the performance of the higher education sector, including transnational providers.
Malaysia wants to offer quality higher education, which will attract international students to study in Malaysia.

Talent Corp (in the Prime Minister’s Office) is also ‘going global” in search of talented individuals, including PG students to study and probably continue to stay in Malaysia.
Types of Hub

1. Student hub
2. Skilled workforce training hub
3. Knowledge and innovation hub
The government, through various central agencies such as Malaysian Investment Development Authority, Multimedia Development Corporation, the Inland Revenue Board, Ministry of Finance, has provided incentives to both transnational and other private higher education providers.
Quality higher education is synonymous with a highly centralised (and robust regulatory) regime

- University and University Colleges Act
- Private Higher Education Act
- Malaysian Qualifications Agency Act
Issues

- Opportunities for self-regulation of the higher education sector
- Regulation is necessary to enforce standards and ensure quality
- To protect consumers (students, parents and public agencies)
**This Paper**

- Outlines the higher education regulatory regimes
- Deliberates on the nature of incentives regime, its relevance
- Assess the importance of incentives on private provision and private–public partnership (bringing highly regarded institutions to Malaysia)
Private provision in Malaysia
- Highly diversified
- Rules and regulations

Public incentives
- What are these?

Private Provision, Public Sector Incentives – An Assessment

Way forward
PHEIs Established and Registered  
*(30 APRIL 2011)*

<table>
<thead>
<tr>
<th>CATEGORIES</th>
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<tr>
<td>Private colleges (Non-university Status)</td>
<td>436</td>
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<tr>
<td>University Status PHEIs</td>
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<td>Universities</td>
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<td>University Colleges</td>
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<td>Branch Campus of foreign universities</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>488</td>
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COURSES OF STUDY

- Architecture & Built Environment
- Business/Commerce/Accountancy/Management
- Engineering & Technical Courses
- Hospitality/Catering & Culinary/Travel & Tourism
- Information Technology & Computer Studies
- Mass Communication & Broadcasting
- Medicine/Health Sciences
- Performing Arts/Music/Graphic Design
- Pre-University Programmes
- others
Categories of Programmes Offered in PHEIs

Internal Programmes
✓ Curriculum & examination set by respective PHEIs
✓ PHEIs confers certificate/diploma/degree

Collaborative Programmes
• PHEIs forge institutional linkages with foreign or local universities
• Degree conferred by the partner university, e.g. 2+1, 2+2, 3+0, 4+0

External Examination Bodies

Colleges prepare students for:
✓ Professional and semi-professional examinations in areas such as management, accountancy and engineering, eg. Assoc. of Chartered Certified Accounting, UK (ACCA), Chartered Inst. of Management Accounting, UK (CIMA), LCCI, CIM, NCC, etc.
✓ Pre-University programmes such as ‘A’ Levels, matriculation (ex. AUSMAT), etc.
✓ Technical, trade and craft examinations such as BTEC, City and Guild
Types of Collaborative Programmes Available in PHEIs

Twinning Programmes

- Foreign partner university confer degree through collaborative arrangement, e.g. 2+2, 3+1, 3+0, or 4+0.
- Student registers with college and partner university
- Course structure and course content are the same as offered in the foreign partner university

Credit Transfer Programmes

- Students accumulate credits locally
- Transfer the credit earned to overseas-linked universities to complete the degree programme, e.g. ADP (American Degree Programme)
- PHEI formulate course curriculum in consideration of the requirement of courses at foreign universities.
Types of Collaborative Programmes Available in PHEIs

Advanced Standing Programmes

- Courses offered by local private college are validated and accredited with “advanced standing” status by a group of foreign universities for direct entry into the second or third year of their degree programmes overseas.

- Course curriculum is set by the local college based on the needs of the foreign university course structure

- Degree conferred by overseas university.

External Degree Programmes

- Student registers directly as an external student with a local or foreign university

- PHEI serves as a tuition centre
Foreign Partner Universities

- United Kingdom
- Australia
- USA
- Canada
- New Zealand
- Ireland
- France
- Egypt
- Switzerland
Internationalisation of HE: Malaysia

INTERNATIONALISATION

• Means different things to different people (thus used in different ways)

EXAMPLES

• International activities (academic mobility for students and academics/researchers)
• International linkages, partnerships and projects
• New international academic programmes and research initiatives
**Elements**

**Thrusts**
- International students in Malaysia
- International teaching staff in Malaysia
- R&D collaborative efforts (?)
- Edu Malaysia/ Internationalise Malaysia HE (?)
- Some mobility of HEIs (private) overseas

**Why?**
- Regional education hub
- Income for Malaysia [See NKEA (RMK–10)]
PRIVATE SECTOR PROVISION – RULES AND REGULATIONS
Stages of Approval in Starting the Private Higher Education Institution (PHEI) Business

Stage 1: Approvals for the Establishment of PHEI

Stage 2: Registration of PHEI to Initiate Operation

Stage 3: Additional Approvals to Continue Providing Higher Education Services by PHEI

Stage 4: Closing Down of Private Higher Education Institutions
Approvals for the Establishment of PHEI

Stage 1

1. Letter of Invitation (Only for Universities/College Universities/Foreign Universities)
2. Approval for Establishment of a PHEI
3. Approval to Conduct Courses of Study
Stage 2

Registration of PHEI to Initiate Operation

1. Registration of a PHEI
2. Registration of a PHEI Chief Executive
3. Teaching Permit for Local and Foreign Teaching Staff
1. Application to Recruit International students
2. Application of Employment Pass Expatriate Teacher/Lecturer/Chief Executive in PHEI
3. Approval to Change and Renovate Premise
4. Approval to Change Institution’s Name
5. Approval for Amendment of Company’s Equity
6. Approval to Conduct Additional Courses
7. Approval to Renew Courses of Study
8. Approval to Increase Course of Study Fee
9. Approval for Amendment of Course Requirement
10. Approval for Amendment to Medium of Instruction
11. Approval to Renew Registration of PHEI
12. Application for Extension of Period for Teaching Permit
13. Approval to Change Particulars in Teaching Permit
14. Application for Extension of Employment Pass for Expatriate Teacher/Lecturer/Chief Executive in PHEI
15. Approval for Replacement of PHEI’s Licence to Enrol International Students
16. Approval for Replacement of Certificate of Registration of PHEI (Lost or Defaced)
17. Approval for Replacement of Certification of Registration of Chief Executive of PHEI
18. Approval for Replacement of Teaching Permit of Local and Foreign Teaching Staff
19. Approval to Sell, Dispose and Reconstruct the Business of PHEI Relating to Education
Public Sector Incentives

- Investment Tax Allowance
- Pioneer Status
- Tax exemption on income; double deduction for expenses
- Industrial Building Allowance
- Accelerated Capital Allowance
- Exemption of Import Duty, sales tax and excise duty
At least ten other tax allowances and relief provided for by the Inland Revenue Board.

- Lecturers’ honorarium involved in accreditation and validation for the MQA
- Development of new courses
- Research and Development
- Scholarships
Uptake of Public Sector Incentives

- Investment Tax Allowance
  - 100% for 10 years offset against 70% of statutory income for each year of assessment
Incentives Regime

- Elaborate
- Targeted at selected fields
  - Biotech
  - Medical and Health Sciences
  - Molecular Biology
  - Material Sciences and Technology
  - Food Sciences and Technology
Other “Incentives” for Private Providers

- Student loan (more than 60% for students in private higher education sector)

- Important for private institutions (but need to satisfy requirement set by the National Higher Education Student Loan Corporation) – courses are approved by MQA and must have graduated students.
Way Forward

- Higher education sector – very diverse, highly regulated (quality argument; consumer protection in particular for foreign students)

- Contributing to national income

- Limited chance for self-regulation

- Incentives, not relevant to many private providers
Student loans would ensure accessibility to higher education

While contributing to national income, private providers need to be seen as contributing to nation-building and social restructuring objectives
New idea: government buying services from both public and private providers

- Based on graduate employability
- Value for money
Private–public partnership

- Unit for public private co-operation (Prime Minister’s Office)
  
  - Johns Hopkins University in Malaysia (establishing Perdana Medical University outside of Kuala Lumpur, graduate medical studies and a teaching hospital; private capital)
Johns Hopkins University

- Interesting to see how other private higher education providers in Malaysia react to this new development
Thank You