

'VARSITIES CAN MERGE TO SURVIVE'

Team set up to look into criteria for mergers and acquisitions, says Higher Education D-G

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COLLEGES and private universities have the option of merging to keep themselves afloat in the wake of the Covid-19 pandemic.

Higher Education director-general Professor Datuk Seri Dr Mohamed Mustafa Ishak said a technical working group under the newly-formed Pemudah IPTS, or the national task force for facilitating private higher education institutions (PHEIs) as an industry, had been tasked with looking into criteria and guidelines on mergers and acquisitions.

He said the Higher Education Ministry was also examining models for PHEIs while advocating the sharing of resources such as teaching staff.

On whether students from

troubled institutions could be absorbed into public universities for a profit-based offshoot to be created from the entities, like the model used by the Universiti Malaya Specialist Centre, he said such a scenario was unlikely.

"We are aware that some students chose to attend a specific PHEI. Therefore, the ministry tries to ensure students remain in their chosen PHEI," he said in an email interview with the *New Straits Times*.

Higher education management specialist Dr Geoffrey Williams had recommended the merger of smaller, troubled institutions with larger, more structured universities, including public ones, to help them weather the economic crisis.

He was referring to the stand by the Malaysian Association of Private Colleges and Universities' (MAPCU) on the mounting losses faced by the institutions, front-paged by the NST recently.

In the report, MAPCU president Datuk Dr Parmjit Singh said one-fifth of the 440 PHEIs nationwide were at risk of closure this year.

Sources from the Higher Education Ministry corroborated this, saying that 49 per cent of PHEIs had suffered losses over a three-year period from 2016.

On Tuesday, Higher Education Minister Datuk Noraini Ahmad said MAPCU had projected a decline of 84.1 per cent in student admission to PHEIs, with up to RM6.9 billion in losses, this year.

She acknowledged that the pandemic-ravaged ecosystem had already been plagued by problems related to inflexible policies and regulations, the high cost of promotion and unsustainable financial management before the crisis.

Meanwhile, Mustafa said the ministry's help would not include disbursing financial aid to private entities.

"The ministry will instead provide more business-friendly services," he said, adding that it was putting policies and regulations under the microscope to ensure there was minimal bureaucratic hindrance to move forward.

Asked about the amount of reserves needed for colleges and universities to be set up and to remain in operation, Mustafa said a minimum paid-up capital of RM1 million was needed for the

establishment of colleges.

For university colleges, the paid-up capital requirement was a minimum of RM15 million, while for universities, it was RM20 million.

Other requirements include having a student count of at least 100, operating at a registered venue, offering accredited courses and having a registered chief executive.



Professor Datuk Seri Dr Mohamed Mustafa Ishak

The ministry, however, declined to answer supplementary questions on salary reserves that were needed to set up and operate the institutions at any one time, saying that the details were classified as official secrets.

The ministry took the same stance when asked if there were

circumstances that would lead to the guidelines being bypassed.

Asked whether a fee hike was on the cards due to the dip in student enrolment, which has badly affected PHEIs' revenue, Mustafa said PHEIs must obtain approval from the ministry's registrar-general to increase fees.

"PHEIs can only apply for an

increase in fees three years from its previous request for a hike.

"For local institutions, those with a MyRequest rating of less than six and SETARA rating of less than five would be considered for a maximum increment of three per cent annually.

"An institution with a MyQuest rating of six or a SETARA rating of 5/6 can be considered for an increment of more than three per cent annually on the condition that they comply with the Price Control and Anti-Profiteering Act."

Mustafa said the moratorium on setting up new PHEIs, which began on February 2013, would remain until Dec 31.

However, he said, there were exceptions to the moratorium for the top 100 foreign branch campuses and the upgrade of existing private colleges to the status of university college and beyond.

Any PHEIs established in Educity, Iskandar Malaysia and any institution that gained the approval of the cabinet would be exempt from the moratorium.

The ministry declined to say whether the moratorium on the setting up of new PHEIs would be extended after Dec 31 and how many of the existing 440 PHEIs were in the red.