

**Legislative Council Manpower Panel
(Meeting on 21 March 2002)**

Continuing Education Fund (CEF)

Purpose

We briefed Members on the broad implementation framework for the proposed Continuing Education Fund (CEF) in December 2001. This paper seeks Members' views on the details of our proposed implementation arrangements.

Background

2. The Chief Executive announced in the 2001 Policy Address that \$5 billion would be set aside to promote continuing education, thereby preparing Hong Kong for the transition to a knowledge-based economy. In order to ensure that the Fund is used in a meaningful manner to bring about benefits to the community at large and to enhance Hong Kong's overall competitiveness, we need to set appropriate parameters. Having regard to this basic principle, the implementation arrangements proposed are set out in the following paragraphs.

Implementation Arrangements

Coverage

3. The Fund should only subsidise training which would be conducive to the economic development of Hong Kong. Based on the advice from prominent academics and business figures and feedback from employers, we have identified the following sectors to which courses eligible for reimbursement under the Fund should belong:

Industry specific sectors

- (a) logistics;
- (b) financial services;
- (c) China business;

- (d) tourism;

Generic skills

- (e) language (English, Potunghua and written Chinese);
- (f) problem solving, team building; and change management; and
- (g) design

4. To avoid double subsidy, all eligible courses should be self-financing, i.e. the courses are not run with recurrent subsidy from the Government, and potential students must choose between a grant from the CEF and financial assistance offered by the Government under other established financial assistance/fee reimbursement schemes. To ensure that these courses would “add value”, they must lead to a qualification based on a formal assessment procedure. In the particular case of English, it will be stipulated that reimbursable courses will be those that lead to an examination set by one of the examining bodies specified by the Workplace English Campaign.

Applicants’ Eligibility

5. Hong Kong residents aged 18 to 60, at the time of application and reimbursement of expenses and who do not have a university degree.

Executive Agent

6. The Student Financial Assistance Agency (SFAA) will be the implementation agent.

Subsidy and Reimbursement Arrangements

7. Applicants can apply ONCE only. Eligible applicants will be reimbursed 80% of their fees or \$10,000, whichever sum is the less, upon successful completion of the course or module(s) forming part of the course. By successful completion, we mean passing an end of course assessment.

8. Upon enrolment on a “reimbursable course”, an eligible applicant will need to submit an application to the SFAA. An account will be opened for this applicant and \$10,000 will be earmarked for him.

9. The applicant will be allowed two opportunities within a 2-year period to claim reimbursement, subject to the ceiling of \$10,000. He may choose to claim the first reimbursement upon completion of one or more

courses (amounts below \$10,000) with the remaining balance available for subsequent reimbursement. Alternatively, he may choose to make one claim for reimbursement within the 2-year period. The applicant will need to produce tuition fee receipts and record/proof of completion validated by the respective institutions.

10. The account for the applicant will be closed once the second reimbursement has been made or when the full sum of \$10,000 has been drawn. Alternatively, if the applicant fails to turn up to claim reimbursement within two years, the balance in a closed account will be made available for allocation to other applicants.

Courses Eligible for Reimbursement

11. We will maintain a list of “reimbursable courses”. With a view to ensuring that these courses meet the needs of the respective sectors identified in paragraph 3 and the needs of Hong Kong as a whole, we have set up various Focus Groups, comprising knowledgeable people in the respective sectors, to advise on the scope and the competencies required in the sectors.

12. To ensure that the courses are able to deliver the competencies identified by the Focus Groups, all courses will be required to undergo an assessment process to determine their eligibility for registration as “reimbursable courses”.

13. With the exception of the continuing education arms of self-accrediting universities, all training providers will be required to submit an application for assessment to the Hong Kong Council for Academic Accreditation (HKCAA) in respect of specific courses, if students attending these courses are to benefit from the CEF. The HKCAA will assess each course from the point of view of its ability to deliver part or all of the competencies identified by the Focus Groups. The HKCAA will also ensure that the course is properly structured to achieve its stated objectives and competencies, and that relevant teaching and learning activities, assessment requirements and quality assurance procedures are in place to deliver the course in an appropriate manner. Areas that will be examined include the course content, the course duration and mode of delivery, the assessment component, the standard of instructors or presenters and the quality assurance policy and procedures. The charges for the assessment will be borne by the training providers themselves.

14. The major criterion for approval will be the potential ability of the course to provide continuing education/training in accordance with the

stipulated competencies. The course will not be assessed in terms of its academic level or standard, or in terms of the academic qualification it leads to.

15. As for the continuing education arms of self-accrediting universities, the HKCAA will be invited to confirm the relevance of the proposed courses to the competencies required. When this has been done, the continuing education arms of self-accrediting universities will be required to submit a letter from the Head of the institution certifying that the courses in question have undergone the internal quality assurance processes of the institution and effective measures are in place to ensure the standard of the courses are maintained.

16. Because of the special nature of “problem solving, team building and change management (paragraph 3(f) refers), we have not set up a Focus Group for these but instead have asked the Open University of Hong Kong and the Outward Bound School to come up with some proposals on appropriate courses. The HKCAA will not be involved in assessing these course proposals.

Key Concerns

17. We have received some differing views from individual members of the public, from the Focus Groups set up to advise us on the competencies required by employers in the individual sectors, and from Members during the previous discussion on this topic regarding the implementation arrangements for the Fund. The key concerns are :

- (a) the Fund should be extended to cover all courses that directly or indirectly benefit personal development and should not be restricted to specific economic sectors;
- (b) instead of a one-off application and reimbursement which will limit the applicant’s choice, applicants should be allowed to claim the subsidy according to their own pace. This will also avoid the situation in which applicants all rush to enrol in \$10,000 courses just in order to fully utilise their entitlement; and
- (c) degree holders should be eligible to apply since this group also requires constant upgrading of their skills and knowledge and recently they have also begun to face the problem of unemployment.

18. Taking into account the feedback received and the consideration that resources are not unlimited, we have introduced the following features:

- (a) provision for generic courses in change management, problem solving and team building (paragraph 3(f) refers); and
- (b) a more flexible reimbursement arrangement as set out in paragraphs 7 to 10.

19. However, on the issue of excluding degree holders from application for the Fund, we have come to the conclusion that, bearing in mind resource constraints, priority should continue to be given to those who have not received the privilege of a university education and who may be less adaptable in the new knowledge-based economy. We shall review the scheme, including the eligibility criteria, in one year.

Implementation Plan

20. Subject to the Finance Committee's approval, we will publish a first list of reimbursable courses in April 2002 and also invite potential students to apply. Other reimbursable courses will be added once training providers have applied and the courses have been assessed by the HKCAA.

21. We will seek Finance Committee's approval for the creation of a non-recurrent commitment of \$5 billion for the Fund on 12 April. With this commitment and a maximum subsidy of \$10,000 per person, we estimate that at least 500,000 people could benefit. The total length of life of the Fund will depend on the speed at which eligible applications come forward and seek reimbursement.

22. On the administrative costs, we estimate that the additional recurrent expenditure would be about \$35 million over the life of the Fund which we have estimated for planning purposes to be four years. This sum is required mainly for the hiring of temporary staff to process applications and reimbursements and additional operating costs, such as printing and postage. To support the operation of the new scheme, SFAA will enhance its existing computer system at the estimated cost of \$9.7 million. This means that total administrative costs should amount to about \$45 million which is less than 1% of the \$5 billion earmarked for the Fund.

Advice Sought

23. Members are invited to comment on the implementation arrangements as set out in paragraphs 3 to 16.

Education and Manpower Bureau
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