

**LegCo Panel on Manpower  
Review of the Continuing Education Fund**

**Purpose**

This paper reports to Members the outcome of the review on the Continuing Education Fund (CEF) and recommends the relaxation of its eligibility criteria to include degree holders. Members are invited to note the outcome and comment on the recommendations.

**Background**

2. The Finance Committee of the Legislative Council approved in April 2002 a commitment of \$5,000 million to launch the CEF. The ambit of the CEF is to provide subsidy to our workforce for the pursuit of continuing education so as to better prepare them for the knowledge-based economy.
3. Hong Kong residents aged between 18 and 60 without a university degree are eligible to apply for an account under the CEF from which he can obtain reimbursement of 80% of the course fee upon successful completion of an approved course. Each eligible applicant is entitled to a reimbursable amount of \$10,000 within the two-year period. Approved courses eligible for reimbursement belong to four industry sectors (logistics, financial services, China business and tourism) and three generic domains (language, design and interpersonal and intrapersonal skills for the workplace).
4. The Student Financial Assistance Agency is responsible for processing applications for assistance and reimbursement of payment.
5. Application for the CEF commenced in June 2002. As at end June 2003, there are about 1 500 approved courses and over 31 000 approved applicants under the CEF. Given the \$10,000 entitlement per applicant, the total amount of fund committed to date is \$310 million.

## **Review of CEF**

6. We undertook to review the operational arrangements of the CEF one year after its implementation with a view to making necessary improvement in the light of the latest manpower requirements, the application statistics, practical experience in operating the CEF and public feedback. In this connection, we have recently completed a review.

7. To allow for a more comprehensive review, we have commissioned an independent consultant to conduct a survey on the effectiveness of the CEF. In his survey, the consultant has made reference to two other surveys conducted by the Census and Statistics Department (C&SD), namely the *Household Survey on Employment Concerns and Training Needs* and *Establishment Survey on Manpower Training and Job Skill Requirements*. The major findings of this survey are as follows -

### *Usefulness of courses*

- a) Over 90% of the applicants considered that their objectives of attending the approved courses had been fully or partially achieved.
- b) The majority of the applicants considered that the courses were helpful in improving their vocational skills (84%), increasing their self-confidence (77%), raising their adaptability at work (72%) and arousing their interest in continuing education (79%).

### *Level and amount of subsidy*

- c) 77% of the applicants considered that Government's 80% subsidy of course was reasonable.
- d) While 41% of applicants considered the maximum subsidy of \$10,000 reasonable, 57% considered the maximum subsidy too low.

### *Application procedure*

- e) 82% of the applicants were satisfied with the application procedure of the CEF.

### *General observation based on findings of the two C&SD's surveys*

- f) Most workers were satisfied with their job-specific skills and

interpersonal and intrapersonal skills but less than half were satisfied with their language skills (especially Putonghua) and China-related knowledge.

- g) Only about half of the employed population considered that their computer knowledge and management skills were adequate.
- h) On the other hand, employers were also satisfied with the job-specific skills of their employees but not their ability to cope with IT related work requirement.
- i) The most popular types of training currently undertaken or planned to undertake by the employed population were in the areas of language, information technology and management.
- j) The industry sectors that were suggested most for inclusion in the CEF were IT, manufacturing and hotel and catering.
- k) Only about 17% of the economically active population indicated that their employers had provided job-related training for the employees.
- l) Only 33% of the population are aware of the CEF. The main channels through which the CEF were known are the announcement of public interest (API) on television and news coverage in newspapers or magazines.

8. Separately, we have made reference to the projection results of the *Report on Manpower Project to 2007* (MP2007) in our review. We have also taken into account the general feedback from course providers, who suggested that the two-year period for reimbursement claim should be extended to allow applicant to study at a more flexible pace. At present, application to open an account under the CEF is only accepted when such application has been submitted before the commencement of the first course. One course provider suggested that such application restriction be lifted to allow applicants to apply within a certain period after course commencement.

## **Recommendation**

### ***Eligibility Criteria***

9. Out of resources consideration, we previously confined the applicants to those who have not received any university degree as they are the group who may be less prepared to cope with the transformation into the new knowledge-based economy.

10. To meet the challenge in a knowledge-based economy, however, university degree holders share the same needs with workers with lower educational attainment to further improve their knowledge and skills. Feedback from employers also reflects a strong need for this group of workers to acquire knowledge and skills beyond their degree qualifications.

11. Notwithstanding that this group of workers are inspired to improve and upgrade themselves through continuing education, their willingness to do so may be hindered due to the threat of unemployment and reduced wage bill amidst the current economic slowdown. Given that employers who are willing to sponsor continuing education remain a minority, there is a need for the CEF to cover this group of workers to encourage their pursuit of continuing education. In fact, this is in line with the general feedback we have obtained since the launch of the CEF.

12. Taking into account the above and the current utilisation rate of the CEF, we recommend that degree holders be allowed to apply for the CEF. According to the 2001 Population Census, there are about 522 600 people in the age group between 18 and 60 with degree and above education. This compares to 3 677 700 people aged between 18 and 60 without degrees who are now eligible to apply for the CEF. We do not anticipate that our recommendation will have enormous impact on the funding available to the other eligible applicants currently covered under the CEF<sup>1</sup>. This recommendation will take effect on 1 September 2003.

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<sup>1</sup> The financial implication for the CEF arising from the recommendation will depend on how many and when degree holders actually come forward to apply for the CEF. Assuming only one in ten of degree holders comes forward to apply and eventually claim the full amount of \$10,000, the commitment would be some \$523 million, or about 10% of the \$5,000 million of the total funding commitment.

### ***Coverage***

13. The projection results of MP2007 show that there will be substantial growth in manpower demand in economic sectors which are currently covered by the CEF. These include “tourism”, “logistics” and “financial services”. The projection results also show substantial growth in the demand for manpower in other sectors. For example, “business services”<sup>2</sup> will have an annual growth of 3.5% or an increase of requirement from 212 700 to 261 800 people between 2001 and 2007. The results from the independent survey as mentioned in paragraphs 7(g) and 7(h) show that there are some generic skills which employers and employees consider essential to work but are not covered under the CEF. These are potential sectors or domains to which the CEF may extend. To take this forward, we shall consult academics, business figures and other stakeholders and consider the appropriateness of including these sectors under the CEF. We shall report to the Panel on our recommendation in this regard in due course.

### ***Level and amount of subsidy***

14. According to the independent survey, the majority of CEF applicants (64%) pay a course fee ranging from \$2,000 to \$20,000 depending on the type of courses attended. Taking into account that the CEF aims to serve as a form of assistance to applicants and the need to make prudent use of resources to benefit as many people as possible, we consider that the current 80% and \$10,000 subsidy are adequate and hence should be maintained.

### ***Application procedures***

15. Given that most CEF applicants are satisfied with the current application procedures (paragraph 7(e) refers), we shall maintain the status quo but regularly review the arrangements as appropriate.

16. On the proposal to extend the reimbursement period beyond the two-year limit, our original intention was to avoid funds being locked up in idle accounts. We have considered the proposal but reckon that a two-year limit is

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<sup>2</sup> Under the manpower projection exercise, “business services” relate to information technology related services, legal services, accounting services, architectural and engineering services, advertising, business management and consultancy services, etc.

not unreasonable and such mechanism should be in place to safeguard our original intention. As regards the suggestion to allow applicants to apply within a certain period after course commencement, the original aim in laying down the requirement is to ensure the applicants' commitment. Since we have been exercising discretion to cater for special cases in late submission of applications, we do not recommend relaxing this requirement. That said, we shall continue to keep the situation under review and introduce any necessary improvement measures when the situation warrants.

### ***Publicity***

17. In light of the low awareness of the CEF (paragraph 7 (l) refers) and the current utilisation rate of the CEF, we see a need to enhance the publicity efforts to encourage more people to apply for the CEF. We shall prepare a publicity plan with a view to stepping up our promotion efforts.

### **Advice Sought**

18. Members are invited to note the outcome of the review and comment on the recommendations as set out in paragraphs 12, 14 and 16 above.

Education and Manpower Bureau  
July 2003