

## **Legislative Council Panel on Manpower**

### **Review of the Continuing Education Fund**

#### **PURPOSE**

This paper reports the outcome of the review of the Continuing Education Fund (CEF) and seeks Members' views on the proposed improvement measures.

#### **BACKGROUND**

2. The Finance Committee (FC) of the Legislative Council approved in April 2002 a commitment of \$5,000 million to launch the CEF. The CEF aims to encourage our workforce to pursue continuing education so as to better equip themselves in an increasingly globalised and knowledge-based economy.

3. At present, education and training courses that fall within the eight specified economic sectors/skill domains may be registered as reimbursable courses under the CEF, subject to prior assessment by the Hong Kong Council for Academic Accreditation (HKCAA). The eight sectors/domains are business services, financial services, logistics, tourism, creative industry, design, language<sup>1</sup>, and interpersonal and intrapersonal skills for the workplace. Hong Kong residents aged between 18 and 60 are eligible applicants and may claim reimbursement of 80% of the fee of any CEF registered course upon successful completion of the course, up to a ceiling of \$10,000 for each applicant. Applicants can submit to the Office of CEF (OCEF) (administered by the Student Financial Assistance Agency) a maximum of two claims in respect of the courses completed within two years from the date their accounts are opened with the OCEF.

4. As at end April 2007, there are about 6 100 courses registered under the CEF and over 330 000 applications have been approved. About \$1,400 million has been disbursed and about \$1,300 million

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<sup>1</sup> At present, languages courses in English, Chinese (written), Putonghua, French, German and Japanese are eligible for registration under the CEF.

committed for future disbursement to applicants upon their successful completion of their courses.

## **REVIEW OF THE CEF**

5. To ascertain the effectiveness of the CEF, the Administration has engaged an independent consultant, Policy 21 Limited of the University of Hong Kong, to conduct surveys among a random sample of CEF learners. The survey results show that the CEF has helped learners to enhance their knowledge and skills which can be usefully applied in the workplace. The major findings are as follows -

- (a) The majority of the respondents considered that the CEF courses were very helpful or helpful in improving their vocational skills (79%), self-confidence (70%) and adaptability at work (67%);
- (b) 72% of the respondents who were employed indicated that they could apply what they had learned from the CEF courses; and for those who were not employed, 82% believed that CEF courses would or probably would help them find a job;
- (c) 73% of the respondents considered that CEF courses were very helpful or helpful in arousing their interests in continuing education;
- (d) 83% of the respondents considered the level of subsidy (80% of the course fee) reasonable; while half of them considered the maximum subsidy (\$10,000) reasonable; and
- (e) 43% of the respondents indicated they would probably or definitely not pursue further education/training without the CEF subsidy; and 30% of them said that they could not afford the tuition fees without the subsidy.

The consultant concluded that the existing funding and application arrangements for the CEF are appropriate.

6. Furthermore, the HKU School of Professional and Continuing Education (HKU SPACE) has recently published a survey report on the “Demand of Continuing Education in Hong Kong 2005/06” and estimated that the number of continuing education participants has increased by 42% from around 960 000 in 2003 to 1.36 million in 2005. The report pointed out that nearly 70% of the respondents were aware of the CEF and among those who have received training sponsorship, nearly 70% have benefited from various Government-sponsored schemes such as the CEF. The report concluded that the much higher participation rate in continuing education was largely attributed to the Government’s efforts in promoting and supporting lifelong learning.

7. The results of the above-mentioned surveys suggest that the objective of setting up the CEF has largely been achieved.

## **PROPOSED IMPROVEMENT MEASURES**

8. In the light of the survey findings and the views received from stakeholders, the Administration has reviewed the scope and operation of the CEF and proposed a number of improvement measures aiming to enhance the quality and relevance of CEF courses, strengthen the monitoring of course operation and widen the scope of CEF to cover more sectors and domains. Our proposals are set out in paragraphs 9 to 24 below.

### **(a) Expanding the Scope of CEF**

#### *(i) Integration with the Qualifications Framework (QF)*

9. To enhance the overall competitiveness of our human capital in an increasingly globalised and knowledge-based economy, the Chief Executive in Council approved in 2004 the establishment of a QF, which is a seven-level hierarchy covering academic, vocational and continuing education sectors. Following the approval, we have been working closely with various stakeholders to develop the QF. Among other things, we have been encouraging industries to set up Industry Training Advisory Committees (ITACs) and draw up Specifications of

Competency Standards (SCSs) for respective industries<sup>2</sup>. These SCSs will form the basis for course providers to design learning programmes that meet the needs of the industries.

10. From time to time, there have been calls to expand the sectoral coverage of the CEF so that workers outside the eight sectors/domains can benefit from the subsidy. In this regard, we consider that further expansion of the scope of the CEF should tie in with and support the development of the QF. We therefore propose that courses designed in accordance with the SCSs developed by ITACs (i.e. SCS-based courses) may register under the CEF. The linkage of the CEF to the QF/SCSs will on the one hand enhance the relevance of CEF courses so that they can better meet the manpower needs of the industries and, on the other, provide financial support to learners in those industries that have joined the QF. As at end April 2007, six ITACs have developed SCSs and SCS-based courses have been launched on a pilot basis for three industries (hairdressing, watch & clock and printing & publishing). These courses can be registered under the CEF with effect from early 2008 when the quality assurance mechanism under the Accreditation of Academic and Vocational Qualifications Ordinance is expected to be formally implemented; and participants in these courses may seek reimbursement from the CEF.

*(ii) Inclusion of new languages*

11. We have received requests from the business community and the consulates to include Spanish and Korean under the language domain of the CEF. In view of the close economic relationship of these economies with Hong Kong and the popularity of these languages, we propose that courses for Spanish and Korean should be supported by the CEF. Such courses will further improve the abilities of our workforce in communicating with our trading partners in Asia, Europe and Latin America.

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<sup>2</sup> ITACs have been set up for Printing & Publishing, Watch & Clock, Chinese Catering, Hairdressing, Property Management, Electrical & Mechanical Services, Jewelry, Beauty, Logistics, Automotive, Information & Communications Technology, and Banking industries.

*(iii) Updating the competency requirements*

12. We provide guidelines on the competencies required in the eight economic sectors/skill domains to facilitate course design and to ensure that CEF courses are relevant to the needs of the sectors concerned. In consultation with industry experts and course providers, we have updated and elaborated on the competency requirements. The revised guidelines published by EMB will better facilitate course design by providers and ensure that the trainees will acquire knowledge and skills that are relevant to the present day needs of the industries. These revised guidelines have been published on the website of the OCEF.

*(iv) Relaxing the upper age limit*

13. Currently, residents aged between 18 and 60 are eligible for reimbursement under the CEF. There are calls from different sectors of the community to extend the upper age limit. Having regard to the aging population of Hong Kong and the fact that a good proportion of the people in the 60-65 age group<sup>3</sup> are still in the labour force, we propose to relax the upper age limit to 65 so that learners aged 65 or below can enjoy the subsidy.

**(b) Strengthening quality assurance**

*(i) Accreditation of courses*

14. At present, courses intended to be registered under the CEF are subject to prior assessment by the HKCAA. The assessment will look at such areas as relevance of the course content to the competency requirements, course duration, mode of delivery, assessment component, background of instructors or presenters, and the quality assurance policy and procedures. However, the courses are not assessed in terms of their academic or vocational level/standard, or the qualifications to be awarded.

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<sup>3</sup> Around 25% of the people of Hong Kong in the age group between 61 and 65 are still in the labour force (Source : Population By-Census 2006)

15. Given the nature of “assessment” (as opposed to accreditation), the existing process focuses primarily on the content and delivery of individual courses, thus leaving insufficient emphasis to examining the overarching governance and quality assurance mechanism adopted by the course providers. As a result, some registered courses may not meet the expectation of the course participants and given rise to complaints. With the introduction of the QF, it is our policy intention that in future, new courses to be registered under the CEF will have to undergo a formal accreditation exercise<sup>4</sup> (conducted by the HKCAA or a self-accrediting institution as appropriate). The requirement will apply to all new courses registered by existing and new providers. Courses accredited by the HKCAA will be given a validity period for registration under the CEF; and courses whose validity period has expired will be subject to re-validation before they can continue their registration under the CEF.

*(ii) Experience requirement of providers*

16. Possession of previous experience in the provision of education and training by the course provider is currently not a pre-requisite for registration under the CEF. Past experience shows that courses operated by providers with little or no previous relevant experience are more susceptible to complaints about improper operations or inferior course quality.

17. To ensure that courses made available to learners under the CEF are of a good quality, we propose that new course providers would be accepted for registration under the CEF only if they have two or more years of relevant experience in the provision of education and training. We propose to apply this requirement to new providers who register their courses under the CEF for the first time, but not existing providers who have already registered courses under the CEF (to avoid possible deregistration of existing providers).

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<sup>4</sup> Accreditation is a quality assurance process whereby the academic or vocational standard of the course and other aspects including the governance and management structure of the provider, the quality assurance mechanism, teaching and supporting facilities, etc., will be thoroughly examined.

*(iii) Stepping up monitoring of course operations*

18. Courses registered under the CEF are subject to audit inspections by the HKCAA to ensure that they are operated in full compliance with the conditions of approval. Nonetheless, we have from time to time received complaints about improper course operations which may adversely affect the learners' interests and the reputation of the CEF. As recommended by the Audit Commission and the Independent Commission Against Corruption (ICAC), we have stepped up our efforts in monitoring CEF courses. The OCEF will conduct surprise visits to course providers to authenticate attendance records of learners, assessment results and their claims for reimbursement, and to ensure that there is no non-compliance (e.g. malpractices in promotion) with the conditions of approval. A risk-based approach will be adopted to enhance the effectiveness of the inspections.

**(c) Safeguarding learners' interest**

*(i) Refund policy*

19. At present, there is no requirement for providers to inform learners of their policy for refunding course fees in the event of failed or unsatisfactory delivery of their courses. Some providers are silent on their obligations to refund, and many impose terms and conditions which are not favourable to course participants. To safeguard the interest of learners of CEF courses, we will introduce a standard refund policy statement for all providers under the CEF, which models on the statement currently adopted by private schools offering non-formal curriculum under the Education Ordinance (Cap 279).

*(ii) Collection of course fees*

20. Currently, some providers require course participants to settle the course fees in one payment, normally prior to the commencement of the course. In the event of discontinuation of business or any unforeseen circumstances, such as suspension and cancellation of courses, course participants may suffer substantial financial loss. Whilst we believe providers should be allowed flexibility in conducting their business, we

see the case for more stringent control in this respect on new providers. We propose that new providers registering their courses under the CEF for the first time should be required to collect fees for a course by equal monthly instalments. Under normal circumstances, we shall remove this requirement after the first year of registration. Providers who have difficulties with this arrangement may apply to EMB for consideration of alternative arrangements, providing audited accounts and other proof to demonstrate their financial capability in operating the course.

*(iii) Information to learners*

21. As recommended by the ICAC, we are updating the records of courses registered under the CEF, and will shortly publish the updated records on the OCEF website to provide more detailed information on CEF courses. Also, we are compiling statistics showing the ranges of course fees charged by economic sector and skill domain. The information will also be published on the OCEF website to facilitate learners' selection of courses.

**(d) Application and reimbursement procedures**

22. At present, CEF applicants are required to complete their courses and submit a maximum of two claims within two years from the date their accounts are opened. The time limit is imposed so that the fund committed for any individual applicant would not be frozen indefinitely and the fund, if left unused, can be released for use by other applicants after the validity period has expired.

23. Our review shows that, among the 177 635 applicants whose validity period has expired, more than half have not yet claimed reimbursement up to the maximum of their entitlement (i.e. \$10,000). The validity period appears rather tight particularly for language courses which usually take longer to complete, and participants are required to undergo benchmark tests before they are eligible for reimbursement. In addition, trade unions have expressed concerns that many workers, particularly those who are low-skilled and with low education, owing to their long hours of work, would prefer to take short courses and would only be able to use up their entitlement over a longer period of time.



24. To address the above concerns, we propose to extend the validity period from two to four years. The extended time limit will apply to all applicants including those whose validity period has already expired, to ensure that all learners who aspire to upgrade themselves through continuing education and training could receive support under the CEF. To tie in with this proposed relaxation, we further propose that applicants should be allowed to submit a maximum of four claims (as opposed to two at present) within the four-year validity period, provided that the maximum entitlement of \$10,000 per applicant has not been exceeded.

## **FINANCIAL IMPLICATIONS**

25. The expansion of the scope of the CEF to cover SCS-based courses and new languages will increase the total number of CEF registered courses and applications. The increase may to some extent be offset by the tightened up requirements for course registration including accreditation and possession of relevant experience. The extension of the validity period for claim of reimbursement and the increase in the maximum number of claims will also encourage more applications and increase the amount of reimbursement claimed by individual learners. The funding requirement will continue to be met under the non-recurrent commitment of \$5,000 million under Head 173 Student Financial Assistance Agency.

## **WAY FORWARD**

26. We have conducted briefing sessions for course providers and the Federation for Continuing Education in Tertiary Institutions (FCE), the members of which play an active part in providing courses under the CEF. The stakeholders are generally supportive of our proposed improvement measures.

27. In the context of seeking the FC's approval for the funding proposals to support the implementation of the QF in June 2007, we will take the opportunity to inform Members of the proposed improvement measures for the CEF as set out above.

**ADVICE SOUGHT**

28. Members are requested to note and comment on the improvement measures set out in paragraphs 9 to 24 above.

Education and Manpower Bureau  
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