

## **ITEM FOR FINANCE COMMITTEE**

### **HEAD 173 - WORKING FAMILY AND STUDENT FINANCIAL ASSISTANCE AGENCY**

#### **Subhead 700 General non-recurrent Item 508 Continuing Education Fund**

Members are invited to approve an increase in the non-recurrent commitment of \$6.2 billion for Continuing Education Fund under Head 173 Working Family and Student Financial Assistance Agency by \$10 billion to \$16.2 billion.

#### **PROBLEM**

The uncommitted balance of Continuing Education Fund (CEF or the Fund) is expected to be used up by 2020. It is also insufficient for supporting enhancement measures of the Fund.

#### **PROPOSAL**

2. The Secretary for Labour and Welfare proposes to inject a sum of \$10 billion into CEF, as a one-off measure, so that it can continue to accept new applications and applications by holders of re-activated accounts for an extended period, and support the implementation of various enhancement measures.

#### **JUSTIFICATION**

##### **Review of CEF**

3. CEF was established in June 2002 to encourage local workforce to pursue continuing education by providing them with subsidies for continuing education and training, with a view to facilitating Hong Kong's transition to a knowledge-based economy and adaptation to an increasingly globalised economy.

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Results of previous consultancy studies showed that CEF courses helped arouse learners' interests in continuing education. In order to enhance the operation of CEF, the Office of CEF (OCEF) under the Working Family and Student Financial Assistance Agency (WFSFAA) engaged a consultant in June 2016 to conduct a review of CEF (the Consultancy Study). Completed in September 2017, the Consultancy Study showed that more than 80% of respondents who had claimed CEF subsidies considered that CEF courses could help enhance their knowledge and skills. We accept the consultant's recommendations generally. We consider that CEF has developed a culture of continuing education and continuously enhanced the overall competitiveness of our workforce. We believe that the objectives of CEF should move towards encouraging Hong Kong residents to enrich their knowledge through continuing education and further equip themselves, including strengthening their family and social integration skills and cultural literacy as well as enhancing their work capabilities and potentials in serving the community. These will enable them to seize the opportunities brought by the current and future social and economic development of Hong Kong.

### Enhancement Measures

4. Taking into account the findings and recommendations of the Consultancy Study, as well as opinions received from various bodies, the Legislative Council Panel on Manpower (the Panel) and the public during the review, we propose a series of enhancement measures. These measures include an increase of CEF subsidy ceiling from the current level of \$10,000 to \$20,000<sup>1</sup> per applicant as announced by the Financial Secretary (FS) in the 2018-19 Budget, the relaxation of the upper age limit for applicants from 65 to 70<sup>2</sup>, the expansion of the scope of CEF courses to all eligible courses registered in Qualifications Register (QR)<sup>3</sup>, lifting restrictions on the validity period of four years and a maximum number of four claims<sup>4</sup>, and enhancement of the quality assurance monitoring of CEF courses<sup>5</sup>. These measures will substantially

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<sup>1</sup> Upon the implementation of the new subsidy ceiling of \$20,000, the co-payment ratio by learners for the second \$10,000 subsidy will be 40%, while the co-payment ratio for the first \$10,000 subsidy will remain unchanged (i.e. 20%).

<sup>2</sup> Eligible applicants would increase by about 390 000.

<sup>3</sup> While programmes funded by University Grants Committee and provided by Employees Retraining Board are not included, the number of eligible CEF courses would increase from about 7 800 at present to at least 11 800 upon expansion of the scope.

<sup>4</sup> Currently, applicants are required to complete relevant CEF courses within the four-year validity period after opening accounts, and may submit up to a maximum of four reimbursement claims.

<sup>5</sup> CEF courses previously without QR registration are required to go through accreditation for registration under QR within a four-year transitional period before they can continue to be registered as CEF courses. All CEF courses will be subject to the regulation of a more robust documentation checking system upon renewal.

increase the choices and flexibility of learners, streamline the administrative arrangements and strengthen the safeguards for learners' interests. They will also further encourage people, through raising the subsidy ceiling, to pursue continuing learning so as to better equip themselves amid the rapidly changing vocational, technological and socio-economic developments.

5. In view of the proposal to double the subsidy ceiling to \$20,000, we propose, as a one-off discretionary arrangement, to allow re-activation of all closed accounts<sup>6</sup>, so that the accounts holders can make use of the unused balance (if any) under the original subsidy of \$10,000 and benefit from the additional subsidy of \$10,000. As at end December 2017, there were 680 000 closed CEF accounts. Among them, more than half (or around 395 000) have not used up the subsidy of \$10,000. The total unused subsidy of these closed accounts amounted to \$2.76 billion.

Encl. 1 6. The enhancement measures in paragraphs 4 and 5 above are detailed in Enclosure 1.

### **The Need for Increasing Funding Provision**

7. The total funding provision for CEF since its establishment in 2002 is \$6.2 billion (details in paragraph 14 below). As at end December 2017, CEF had a total commitment of about \$5.2 billion<sup>7</sup>, and the uncommitted balance was about \$1 billion. Even without any enhancement, the uncommitted balance would be used up by 2020.

8. To support the implementation of the enhancement measures in paragraphs 4 and 5 above, and to sustain the operation of CEF, the FS announced in the 2018-19 Budget that the Government would further inject an additional \$8.5 billion into CEF, on top of the \$1.5 billion injection announced in the 2017-18 Budget. The total injection of \$10 billion into CEF will enable it, for an extended period, to accept new applications. It will also create room for CEF to accept applications from holders of closed accounts upon re-activation, as a

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<sup>6</sup> Under the prevailing arrangements, a CEF account will be immediately closed when the applicant has used up the subsidy of \$10,000, made a total of four claims, or when the four-year validity period of account has expired or the applicant has exceeded the upper age limit.

<sup>7</sup> Including \$4.4 billion of subsidy disbursed to learners and administrative cost, and \$0.8 billion of commitment earmarked to learners who have opened accounts but have not yet made reimbursement claims within the four-year validity period.

one-off measure. We estimate that with the proposed injection, CEF may continue to operate until mid-2026, and would benefit around 610 000 learners in total<sup>8</sup>.

## FINANCIAL IMPLICATIONS

9. Subject to Members' approval, the uncommitted balance of CEF will increase from \$1 billion (as at end December 2017) to \$11 billion. The funding will be used to meet the payment of subsidy reimbursement for eligible applicants for taking CEF courses and costs for administering CEF as follows –

	(\$ million)
(a) Subsidies reimbursed to eligible applicants	10,680
(b) Administrative expenses (including staff costs, office accommodation and other operating expenses of OCEF)	320
Total	11,000

10. In respect of the administrative expenses, OCEF is responsible for processing applications for subsidies and reimbursement to eligible applicants. To support the implementation of enhancement measures and the processing of a large number of applications, the average administrative expenses required is about \$37 million<sup>9</sup> per year, including the estimated annual costs of additional staff<sup>10</sup> required from 2019-20 onwards.

11. The actual cash flow and operation span of CEF will depend on the pace at which eligible applicants seek reimbursement and the amount of subsidies sought in the light of the enhancement measures. For planning and budgetary

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<sup>8</sup> The estimated 610 000 learners comprise - (a) 150 000 currently valid account holders; (b) 15% of the closed account holders who will re-activate their accounts and apply for subsidies (i.e. 100 000 learners); and (c) 360 000 learners who will open new accounts upon the implementation of enhancement measures (i.e. around 52 500 per year or a 50% increase over the existing figure).

<sup>9</sup> Administrative expenses include expenditure on additional staff to process a large number of applications (i.e. currently valid, re-activated and new accounts) and all CEF accounts, office accommodation for additional staff and other daily operation.

<sup>10</sup> To facilitate the processing of a large number of applications (i.e. currently valid, re-activated and new accounts) and maintaining all CEF accounts, OCEF estimates that it will require additional manpower for the staff size to be over 100 from 2019-20 onwards.

Encl. 2 purposes, the estimated cash flow requirement is at Enclosure 2. We have earmarked sufficient provisions in the 2018-19 draft Estimates and will include necessary provisions in the draft Estimates of subsequent years to meet the requirement.

## **IMPLEMENTATION TIMETABLE FOR ENHANCEMENT MEASURES**

12. The enhancement measures, which include increase in the subsidy ceiling to \$20,000, adjustment of the co-payment ratios and re-activation of closed accounts and their unused balances, are not existing functions which could be handled by the original systems of OCEF. OCEF will have to review and substantially revise the operational procedures and the computer systems to cope with the requirements for re-activation, conversion and verification of the data for some 680 000 closed accounts, as well as ongoing maintenance and systematic retrieval of information for all accounts, including re-activated, currently valid and new accounts<sup>11</sup>. We expect that following approval of the proposed injection, all enhancement measures (including the new subsidy ceiling, re-activation of the closed accounts and balance) will be implemented from 1 April 2019 and applicable to classes of CEF courses which commence on or after the implementation date.

## **PUBLIC CONSULTATION**

13. We consulted the Panel on the proposals of CEF enhancement measures and the proposed injection on 21 November 2017 and 20 March 2018 respectively. Members were in support of the submission of the funding provision proposal to Finance Committee (FC). We have separately responded to other views raised in respect of the enhancement measures and two motions passed by the Panel.

## **BACKGROUND**

14. FC approved in April 2002 (vide FCR(2002-03)6) a commitment of \$5 billion to launch CEF. FC approved in July 2009 (vide FCR(2009-10)35) a provision of \$1.2 billion to increase the commitment for CEF. As a result, the current approved commitment for CEF is \$6.2 billion.

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<sup>11</sup> The expenses for upgrading the computer systems have been covered in the development plan of the Integrated Student Financial Assistance System by WFSFAA. FC's funding approval for the plan was sought in April 2010, details of which are set out vide FCR(2010-11)4. In other words, additional resources for upgrading the computer systems concerned are not required.

15. At present, Hong Kong residents aged between 18 and 65, irrespective of their education level, employment and financial status, are eligible to apply for reimbursement of 80% of the fees 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 OCEF a maximum of four claims in respect of the courses completed within a four-year period from the date their accounts are opened with OCEF. Training courses categorised under eight specified domains (i.e. Business Services, Financial Services, Logistics, Tourism, Creative Industries, Design, Languages, and Interpersonal and Intrapersonal Skills for the Workplace) as well as the Specification of Competency Standards-based courses under Qualifications Framework, after accredited by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications and approved by Labour and Welfare Bureau, could seek registration under CEF.

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Labour and Welfare Bureau  
April 2018

**Continuing Education Fund (CEF)  
Enhancement Measures Planned to be Implemented**

CEF – We plan to implement the following enhancement measures of

- (a) **increase subsidy ceiling** and adjust co-payment ratios;
- (b) **relax the upper age limit for CEF applicants** from 65 to 70 so as to promote active ageing;
- (c) **expand the scope of CEF courses** with a view to better meeting the changing social and vocational needs as well as long-term development of Hong Kong;
- (d) **allow greater flexibility for CEF applicants by lifting the restrictions on validity period and maximum number of reimbursement claims** and streamline other administrative arrangements; and
- (e) **enhance the quality assurance of CEF courses** and safeguards to better protect CEF applicants.

Annex A table comparing the existing CEF arrangements and the enhancement measures planned to be implemented is at Annex.

(a) Increase Subsidy Ceiling and Co-payment Ratios

2. The Financial Secretary announced in the 2018-19 Budget the proposed increase of CEF subsidy ceiling from the current level of \$10,000 to \$20,000 per applicant, with a view to further encouraging people to pursue continuing learning so as to better equip themselves amid the rapidly changing vocational, technological and socio-economic developments. At the same time, in view of the proposal to double the subsidy ceiling to \$20,000, we will, as a one-off discretionary arrangement, allow re-activation of all closed accounts. In other words, for applicants who have used up the subsidy of \$10,000 in the past, their accounts can be re-activated with the benefit of the additional subsidy of \$10,000. For applicants who have not used up the subsidy of \$10,000, their accounts can be re-activated with the additional second subsidy of \$10,000 on top of the unused balance under the original subsidy of \$10,000.

3. Under the prevailing arrangements, a learner who has successfully completed a CEF course may claim 80% of the course fees, subject to the \$10,000 subsidy ceiling. In other words, as a learner has to co-pay 20% of the course fees, the learner can fully obtain the subsidy of \$10,000 for taking a course which costs \$12,500. We noted that when CEF was launched initially, certain course providers immediately increased courses fees to around \$12,500 to keep close to the subsidy ceiling of CEF, but with no major revisions in the course content. At present, courses which cost below \$12,500 constitute about 78% of all CEF courses. In this regard, in implementing the new subsidy ceiling of \$20,000, to avoid recurrence of similar situations arising from the additional subsidies, we propose to raise the co-payment ratio by learners for the second \$10,000 subsidy to 40%, while maintaining the prevailing co-payment ratio for the first \$10,000 subsidy (i.e. 20%).

(b) Age Limit

4. The upper age limit for CEF applicants will be raised from 65 to 70<sup>1</sup>. The Consultancy Study revealed that the stakeholders in general considered that the current age limit of 65 too low and suggested to relax the limit to 70. As featured in the Report of “Population Policy – Strategies and Initiatives” released in January 2015, the Government’s objective is to build an age-friendly environment, promote active ageing and tap the valuable pool of elderly persons. The Elderly Services Programme Plan which is accepted by Government also recommended, among others, that opportunities should be provided to encourage elderly persons to live to their full potential, promote active lifestyle and to encourage empowerment. More support should be provided to elderly persons to participate in continuous learning and promoting other learning activities, such as by relaxing the age limit for CEF. The relaxation of age limit is in line with the above. A rough estimate is that the number of eligible CEF applicants would increase by about 390 000 upon relaxation of the age limit to 70.

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<sup>1</sup> The current age eligibility for CEF applicants is 18 to 65. The upper age limit has been relaxed from 60 to 65 years since September 2007, in view of the fact that a good proportion of the people in the age group of 60 to 65 are still in the labour force.



(c) Scope of CEF Courses

5. The scope of CEF courses will be expanded from the current eight specified domains<sup>2</sup> and Specifications of Competency Standards (SCS)-based courses<sup>3</sup> under the Qualifications Framework (QF) to all eligible courses registered in Qualifications Register (QR)<sup>4</sup>. QF defines clear and objective standards applicable to qualifications in the academic, vocational and professional, as well as continuing education sectors. Its primary objective is to promote lifelong learning with a view to continuously enhancing the quality, professionalism and competitiveness of our workforce. All academic and vocational learning programmes (i.e. training courses) recognised under QF and registered in QR are offered by self-accrediting universities or accredited by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ), regardless of the sectors or aspects concerned. There will be no more specified course domains under CEF. Courses on a wide spectrum of aspects or skills can be registered as CEF courses as long as they are registered under QR<sup>5</sup>. On top of the existing 7 800 registered CEF courses, an addition of around 4 000 courses currently registered in QR will become eligible for registration as CEF courses (i.e. the number of eligible CEF courses would increase to at least 11 800). This covers basically all course areas as suggested by the stakeholders. The expansion of scope of courses would not only significantly increase choices for learners but also incentivise course providers to keep CEF course contents updated in response to the changing needs of the community and learners. It can also facilitate the awareness and recognition of QR amongst the public and industries.

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<sup>2</sup> The eight specified domains are Business Services; Financial Services; Logistics; Tourism; Creative Industries; Design; Languages; and Interpersonal and Intrapersonal Skills for the Workplace.

<sup>3</sup> At present, there are 20 industries/sectors for which training courses can be registered as SCS-based courses under the Qualifications Register: Automotive; Banking; Beauty; Hairdressing; Catering; Electrical & Mechanical Services; Elderly Care Service; Import & Export; Information & Communications Technology; Insurance; Jewellery; Logistics; Manufacturing Technology (Tooling, Metals and Plastics); Printing & Publishing; Property Management; Retail; Security Service; Testing, Inspection & Certification; Watch & Clock; and Human Resources Management.

<sup>4</sup> Excluding the programmes funded by University Grants Committee and provided by Employees Retraining Board.

<sup>5</sup> Registered QR courses include - (a) the **Specification of Generic (Foundation) Competencies (SGC)-based courses** which set out the foundation competencies from QF Level 1 to QF Level 4, covering four strands of generic skills: English, Chinese (including Cantonese and Putonghua), Information Technology, and Numeracy; (b) **SCS-based courses** (already covered under CEF); and (c) all **other non-SCS/ SGC-based courses** categorised under 14 Areas of Study and Training which are: (i) Architecture and Town Planning; (ii) Arts, Design and Performing Arts; (iii) Business and Management; (iv) Computer Science and Information Technology; (v) Education; (vi) Engineering and Technology; (vii) Humanities; (viii) Languages and Related Studies; (ix) Law; (x) Mass Media and Communications, Journalism and Public Relations; (xi) Medicine, Dentistry and Health Sciences; (xii) Sciences; (xiii) Services (such as Domestic Services, Elderly Care Service, Hotel and Tourism, etc.); and (xiv) Social Sciences (such as Security and Disciplinary Forces Studies, Social Services, etc.).

(d) Validity Period and Maximum Number of Claims and Other Administrative Arrangements

6. Currently, a CEF account holder may submit up to a maximum of four claims within a four-year validity period before he/she reaches the upper age limit (whichever is the earlier)<sup>6</sup>. We will lift the limits on the number of claims and the validity period. To illustrate, for example, under the existing arrangement, a 60-year-old CEF applicant would have to use up the \$10,000 subsidy among selected CEF reimbursable courses by making at most four claims and within four years effective from the day that he/she opens his/her CEF account, and in any event before he/she reaches 65. Upon the relaxation, a new applicant who opens his/her CEF account and finish his/her first CEF course when he/she is 60 years old may choose to make more than four claims for studying CEF courses anytime until he/she reaches 70 years old, or until he/she has used up his/her subsidy of \$20,000, whichever is earlier. This would help achieve the policy objective of encouraging continuing learning by allowing more flexibility for the applicants to meet their learning needs.

7. We will also relax the current application requirements by allowing a learner to submit application to open a CEF account together with application for the first reimbursement claim after successful completion of the course<sup>7</sup>, instead of the current requirements of submitting the application before commencement of the course. This will streamline the application procedures by reducing the number of submissions to be made by applicants.

(e) Quality Assurance of CEF Courses and Safeguards to Protect CEF Applicants

8. Upon the launch of QF and QR in 2008, all new courses seeking registration under CEF are required to be recognised under QF and registered in QR. To further enhance the quality of CEF courses, we will enhance the quality assurance by requiring around 1 800 CEF courses that were registered by non-self-accrediting institutions before the launch of QF in 2008 to go through accreditation for registration under QR before they can continue to be registered as CEF courses within a transitional period of four years. We will also impose a validity period of registration, for every CEF course, of four years or until the

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<sup>6</sup> Before 2007, applicants might make a maximum of two reimbursement claims within two years from the date their account applications were approved or before he/she reached the age limit. Enhancement measures were introduced in 2007 to increase the validity period to four years, and the maximum number of claims to four. Each reimbursement claim may cover more than one reimbursable course.

<sup>7</sup> To ensure the effective processing of the large number of reimbursement applications and better management of the sizable number of CEF accounts upon the implementation of the enhancement measures, applicants would be required to submit their reimbursement claims within one year upon the completion of a CEF course.

expiry of the respective QR registration, whichever is shorter. A more robust documentation checking system would be put in place for the renewal procedures. To more effectively deter non-compliance of the CEF terms and conditions, on top of the existing regulatory tools of issue of warning letters and cancellation of registration, we will introduce a probation list, which records course providers who have repeated or serious contraventions of the CEF terms and conditions, for publication on CEF's website. In addition, course providers will be required to establish regular channels for learners to express their views on the relevant CEF courses.

9. With these enhancement measures, all CEF courses will be subject to robust accreditation to guarantee course quality<sup>8</sup>. All courses registered under QR are quality-assured by the appropriate accreditation authorities, i.e. the HKCAAVQ or self-accrediting universities. Such courses have the key features as award-bearing, having formal assessment, and/or rated in terms of levels in accordance with QR's Generic Level Descriptors<sup>9</sup>. In consultation with the HKCAAVQ, we will work out the timeline and approach in assisting the course providers concerned to have their courses accredited, and roll out the probation list. Moreover, the Accreditation Grant Scheme under QF Fund provides partial or full accreditation grant for course providers of self-financing programmes for the applications by course providers of CEF courses.

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<sup>8</sup> To obtain the accreditation for QR registration, the course providers and the learning programmes (i.e. training courses) concerned have to go through HKCAAVQ's Quality Assurance Process. The process in general includes Initial Evaluation, Learning Programme Accreditation, Programme Area Accreditation and Periodic Review. Course providers who wish to have their learning programmes accredited are required to present evidence (through submission of documentary proof and site visits) that they meet the required standards as specified in the Quality Assurance Process.

<sup>9</sup> Under 7-level hierarchy of QF, "QF level" of a programme/qualification is determined in accordance with a set of Generic Level Descriptors which specifies the outcome standards expected of the qualifications at each level.

### A Comparison of Existing Arrangements and All Enhancement Measures Planned to be Implemented under Continuing Education Fund (CEF)

All enhancement measures planned to be implemented would apply to all new, currently valid and closed accounts. The enhancement measures will only be applicable to classes of CEF courses which commence on or after the implementation date. Learners enrolling CEF courses with commencement dates before the implementation date are still subject to the existing arrangements.

Existing arrangements	Enhancement measures planned to be implemented
<b><i>(a) Subsidy Ceiling</i></b>	
- \$10,000 per applicant	- \$20,000 per applicant
<b><i>(b) Co-payment Ratios by Learner</i></b>	
- 20% of the course fee	- 20% of the course fee (applicable for the first \$10,000); and - 40% of the course fee (applicable for the second \$10,000)
<b><i>(c) Currently Closed CEF Accounts</i></b>	
- Nullified upon closing of individual CEF accounts	- To be re-activated - May re-apply for the unused balance, with co-payment ratio of 20% by learner - Will be given an additional subsidy of \$10,000, with co-payment ratio of 40% by learner
<b><i>(d) Age Limit</i></b>	
- Between 18 and 65	- Between 18 and 70
<b><i>(e) Scope of CEF Courses</i></b>	
- Within the eight specified domains of CEF; - Specification of Competency Standards-based (SCS-based) courses under Qualifications Register (QR)	- All eligible courses registered under QR <sup>1</sup> , including SCS-based courses; Specification of Generic (Foundation) Competencies-based (SGC-based) courses; and non SCS/SGC-based courses which are divided into 14 classified Areas of Study and Training

<sup>1</sup> Excluding the programmes funded by University Grants Committee and provided by Employees Retraining Board.

Existing arrangements	Enhancement measures planned to be implemented
<b><i>(f) Validity Period, Maximum Number of Claims and Other Administrative Arrangements</i></b>	
<p><i>(i) <u>Validity period of CEF accounts</u></i></p> <ul style="list-style-type: none"> <li>- Four years since the opening of CEF accounts</li> </ul>	<ul style="list-style-type: none"> <li>- No validity period</li> </ul>
<p><i>(ii) <u>Maximum number of CEF claim submissions</u></i></p> <ul style="list-style-type: none"> <li>- Four claims</li> </ul>	<ul style="list-style-type: none"> <li>- No limit</li> </ul>
<p><i>(iii) <u>Application procedures</u></i></p> <ul style="list-style-type: none"> <li>- To submit the application for opening an account before commencement of the applicant's first CEF course</li> </ul>	<ul style="list-style-type: none"> <li>- To submit application for opening an account together with application for the first reimbursement claim after the successful completion of the applicant's first CEF course<sup>2</sup></li> </ul>
<b><i>(g) Quality Assurance of Courses and Safeguards to Better Protect CEF Applicants</i></b>	
<p><i>(i) <u>QR registration of CEF courses</u></i></p> <ul style="list-style-type: none"> <li>- No such requirement before May 2008</li> <li>- Since May 2008, all new CEF courses must be registered under QR</li> </ul>	<ul style="list-style-type: none"> <li>- All new CEF courses must be registered under QR</li> <li>- CEF courses registered before May 2008 are required to be registered under QR within a transitional period of four years</li> </ul>
<p><i>(ii) <u>Validity period of CEF course registration</u></i></p> <ul style="list-style-type: none"> <li>- For courses which have a validity period of QR registration, the validity period of the CEF registration will expire on the end date of their QR validity period</li> <li>- For other CEF courses, no expiry date of the CEF registration</li> </ul>	<ul style="list-style-type: none"> <li>- Every CEF course will have a validity period of four years, or until the expiry of their respective QR registration, whichever is the shorter</li> <li>- A more robust documentation checking system for the renewal procedures</li> </ul>

<sup>2</sup> To ensure the effective processing of the large number of reimbursement applications and better management of the sizable number of CEF accounts upon the implementation of the enhancement measures, applicants would be required to submit their reimbursement claims **within one year** upon the completion of a CEF course.

<b>Existing arrangements</b>	<b>Enhancement measures planned to be implemented</b>
<p>(iii) <u>Deterrence of non-compliance with CEF terms and conditions</u></p> <ul style="list-style-type: none"><li>- Issue of warning letters upon infringement of terms and conditions</li><li>- For severe non-compliance, cancellation of course registration or referral to law enforcement agencies for formal investigation</li></ul>	<ul style="list-style-type: none"><li>- In addition to the existing sanctions, set up a probation list which records course providers that have repeated/serious contraventions of terms and conditions, and publicise the list on CEF's website</li></ul>

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Enclosure 2 to FCR(2018-19)5

**Estimated Cash Flow Requirement of  
Continuing Education Fund (CEF)**

	Financial Year (\$ million)						
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 and onwards	Total
Subsidies reimbursed to eligible applicants	177	1,030	1,530	1,248	1,190	5,505	10,680
Administrative expenses	25	34	44	39	36	142	320
Total	202	1,064	1,574	1,287	1,226	5,647	11,000

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