

**Extract of minutes of the special meeting of  
LegCo Panel on Education on 3 July 2001**

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**I. Review of the Kindergarten Subsidy Scheme**  
[Paper Nos. CB(2)1982/00-01(01)-(02)]

At the invitation of the Chairman, Secretary for Education and Manpower (SEM) briefed members on the salient points of the Administration's paper [Paper No. CB(2)1982/00-01(01)] which detailed the possible improvements to the Kindergarten Subsidy Scheme (KSS) to provide incentives to enhance the quality of early childhood education (ECE) as well as to ensure more cost-effective use of resources. Notably, the rate of subsidy would be calculated on the basis of a group of 15 pupils at \$23,600 for kindergartens (KGs) which employed 60% qualified KG teachers (QKTs), instead of the existing arrangement whereby the subsidy was calculated on the basis of a class size of 30 pupils at \$41,000. To encourage KGs participating in KSS to upgrade the qualifications of their teachers, the rate of subsidy would be increased to \$27,200 and \$31,300 to correspond to 80% and 100% QKTs attainments. In other words, should the aforesaid proposals be pursued, there would be three KSS group rates for KGs, namely, \$23,600 for 60% QKTs; \$27,200 for 80% QKTs and \$31,300 for 100% QKTs. (These rates represented increases of 15%, 33% and 53% over the existing rate of class grant of \$41,000 based on 30 pupils.) SEM further said that subject to any views which members might have on the proposals contained in the paper, the Administration would formally consult all KG operators during the summer before deciding on the way forward.

2. Mr CHEUNG Man-kwong expressed support for the proposals set out in the Administration's paper. Mr CHEUNG, however, was of the view that the proposals could only achieve more effective deployment of resources, but could not alleviate the financial burden on parents. In this connection, Mr CHEUNG urged the Administration to allocate more resources to KSS which currently only stood at \$150 million per annum or representing a meagre 2.7 % of the total \$55.3 billion spent on education for the current financial year.

3. SEM responded that although Mr CHEUNG's proposition was understandable, there were many equally deserving public programmes competing for resources. Given that resources were finite, the overriding principle was to use them on areas most in need rather than pre-set a certain percentage of expenditure for a particular public programme. SEM, nevertheless, pointed out that money spent on KSS would exceed \$150 million a year and many KGs would receive

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more subsidy following the implementation of the improvement measures proposed in the Administration's paper. SEM explained that under the existing arrangement, a KG already employing 60% QKTs would receive a class grant of \$41,000 based on 30 pupils; whereas, under the new arrangement, a KG would receive a group rate of \$23,600, \$27,200 or \$31,300 if it had already achieved 60%, 80% and 100% QKTs attainments respectively. KGs already employing 100% QKTs would have room to reduce school fees, which averaged about \$11,946 per annum in 2000-01, and/or improve the level of service if they had no enrollment problem. SEM also pointed out that money spent on ECE was more than \$150 million a year, having regard to the fact that some \$300 million had been set aside for teacher education and training for the coming five years. Moreover, this \$300 million had not included courses run by University Grants Committee (UGC)-funded institutions. SEM further said that the Administration was currently reviewing the Fee Remission Scheme to examine how best to improve financial support for needy families.

4. Referring to members' calls to include ECE as part of basic education to be provided free for all, SEM said that the Administration had no intention to do so at this stage because it was questionable whether money should be spent in this way, at a time when there were competing demands for resources from various sectors of education. The Administration was also aware of the vagaries of market forces and the problems of market failure, and considered that it had a role to play in planning and regulating the provision of ECE, and in providing financial assistance, where necessary. In view of the aforesaid, the Administration considered that the existing three-pronged approach of subsidising non-profit making KGs aiming at minimising the impact of fee increases on parents, helping needy families through the Fee Remission Scheme and investing in teacher education and training should continue.

5. Mr YEUNG Yiu-chung echoed Mr CHEUNG's view that more resources should be allocated to ECE. Mr YEUNG then enquired about the expenditure on KSS under the new group grant system, and action(s) taken by the Administration to encourage non-profit making KGs which did not join KSS to improve their teacher to pupil ratio and employ more QKTs.

6. SEM responded that although she could not give an answer on the increase in expenditure on KSS under the new group grant system at this stage, such an increase would definitely exceed \$10 million a year. As to Mr YEUNG Yiu-chung's second question, SEM said that all KGs were required to follow the regulatory requirements that teacher to pupil ratio for KGs should be 1:15 for all KG classes and that all new teachers must have completed pre-service training for QKT by 2003-04.

7. As there was no timetable requiring serving KG teachers to become QKTs, Mr YEUNG Yiu-chung wondered whether a long time would be taken to achieve

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the target that all KG teachers must be QKTs. SEM responded that all KGs should have no great difficulty in achieving 100% QKT attainment by 2003-04, having regard to the facts that the wastage rate of non-qualified KG teachers averaged about 20% in the past years and that there were sufficient QKT training places for all serving non-qualified KG teachers. SEM further said that the Administration would not rule out the possibility of requiring all KGs to employ 100% QKTs when there was an adequate supply of QKTs in the market.

8. Referring to paragraph 8 of the Administration's paper which stated that the Administration aimed to raise the entry qualifications of KG teachers to sub-degree or higher levels in the longer term after achieving 100% QKTs through training and natural wastage by 2003-04, Mr SZETO Wah was of the view that the Administration should not wait after 2003-04 to raise the entry qualifications of KG teachers to sub-degree or higher levels, and should encourage UGC-funded institutions and continuing education providers to run sub-degree or higher levels courses in KG education as soon as practicable. Mr SZETO was also of the view that the Administration should increase subsidy to those KGs which employed people who were holders of sub-degree or higher levels in KG education.

9. SEM responded that the Administration would encourage UGC-funded institutions and continuing education providers to operate sub-degree or higher levels courses in KG education as soon as practicable. SEM explained that raising the entry qualification of KG teachers to sub-degree or higher levels was set as a longer term target because Hong Kong had to first achieve the target that all KG teachers must receive QKT training and that all serving KG principals and child care centre supervisors who had not been professionally trained must receive suitable professional training. As the Hong Kong Institute of Education (HKIEd) was presently occupied with providing such training and education, it was doubtful whether it had the capacity to train a sizeable number of people wishing to attain a sub-degree qualification in KG education. To address the problem of the lack of sub-degree or higher levels places in KG education in Hong Kong, the Administration was currently exploring with institutions providing ECE in the Mainland and overseas on the feasibility to provide the places required. On the suggestion of increasing subsidy to those KGs which employed people who were holders of sub-degree or higher levels in KG education, SEM said that there was no need to do so as KGs, which had achieved 100% QKTs under the existing class grant system, would stand to receive up to 53% increase in subsidy if they could achieve 100% QKTs under the new group grant system. SEM added that KGs were not required to spend the extra resources to reduce school fees, and could use them to enhance the quality of their teachers.

10. Ms Audrey EU enquired about the number of KGs which might be forced to close down as a result of implementing the new group grant system. Ms EU further enquired whether pupils affected would need to travel far to attend another KGs.

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11. SEM responded that on the basis of the enhanced group grant of \$31,300, it was estimated that about 100 KGs which were under-enrolled might not be financially viable. SEM, however, pointed out that the actual number of KGs which would face closure could be smaller if the KGs concerned could secure financial backing from the sponsoring bodies. Regarding Ms EU's concern that children might need to travel far to attend another KGs if the KGs they previously attended were forced to close down because of financial difficulty, SEM said that this situation should not arise as it was the Administration's intention that there should be an adequate number of KGs in each public housing estate or area to meet demand. Assistant Director of Education (Special Duties) (AD of E(SD)) supplemented that the rationalisation of KGs was primarily aimed at addressing the problem of over-supply of KGs in a particular public housing estate or area to avoid too many KGs chasing after too few students.

12. Mr TSANG Yok-sing said that the Government's policy on ECE failed to ensure the quality of ECE, as only some 68 000 out of some 160 000 pupils in all KGs or 295 out of 789 KGs participated in KSS. To remedy the situation, Mr TSANG was of the view that the Administration should draw up a set of minimum standards on the qualification of teachers, teaching facilities and other pertinent areas for all KGs to follow. On providing financial assistance to non-profit making KGs, Mr TSANG suggested that the rate of subsidy could be based on student unit cost and granted in a group size of 15 pupils.

13. SEM responded that the Education Department (ED), in collaboration with representatives of the education sector, had already drawn up a set of standardised quality indicators to provide a common basis for evaluating ECE in Hong Kong, which would be put into practice shortly. Moreover, the Administration had been encouraging KG operators to formulate the framework, procedures and tools for self-evaluation as early as possible, and to systemically review the various key aspects so as to help them better understand their own effectiveness and areas for improvement. SEM reiterated that it was the Administration's intention to require all KGs to employ 100% QKTs by 2003-04. The reason why this could not be done at this stage was because there were not enough QKTs in the market. On the suggestion of using a planned economy-like approach in providing subsidy to KGs, SEM expressed doubt about its workability given the varied circumstances of KGs. To find out whether the current expenditure on KSS was sufficient to meet the two targets of raising the teacher-pupil ratio to 1:15 and employing 100% QKTs, the Administration had recently carried out a simulation of income and expenditure for KGs. The results showed that current KSS expenditure, if equitably distributed, was generally sufficient to meet both targets. To address the problem that only 51% of existing KSS KGs could still maintain 100% QKTs under the enhanced manning ratio of 1:15, the Administration had proposed an increase of the group rate from \$23,600 in two steps to \$27,000 and \$31,300 to encourage KGs to achieve 80% and 100% QKTs.

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14. Mr TSANG Yok-sing further enquired why some non-profit making KGs did not join KSS. AD of E(SD) responded that the main reasons were that these KGs did not wish to disclose their accounts and pay their teachers according to the recommended salary scales. SEM added that the Administration envisaged that more non-profit making KGs not in KSS would join KSS in the long run. This was because very few of them could compete with KSS KGs which employed 100% QKTs and had a manning ratio of 1:15 and be financially viable.

15. Mr CHEUNG Man-kwong expressed concern that there was no government monitoring of the quality of education provided by private KGs and non-profit making KGs not in KSS, and enquired about the actions to address such. Mr CHEUNG further enquired whether consideration would be given to setting a timetable requiring KSS KGs to achieve 80% and 100% QKTs.

16. SEM responded that it was not true that private KGs and non-profit making KGs not in KSS were not subject to monitoring by the Government. For example, all KGs were expected to achieve 100% QKTs by 2003-04. Another example was that ED would carry out random checks on KGs to ensure that their operation was in line with the legislation. Other measures to ensure the quality of service provided by private KGs and non-profit making KGs included the Administration's plan to put in place common standards for all KGs and a self-evaluation mechanism mentioned in paragraph 13 above. The publication of KG profiles by ED also served as a useful monitoring tool, as parents would choose to send their children to KGs which employed more QKTs and had a high teacher to pupil ratio. As regards Mr CHEUNG Man-kwong's second question, SEM agreed to consider the suggestion of setting a timetable requiring KSS KGs to achieve 80% and 100% QKTs, and, possibly to extend such requirement to all private KGs and non-profit making KGs not in KSS.

17. Miss Cyd HO referred to paragraph 16 of the Administration's paper which stated that the unhealthy competition amongst KGs had not only affected the financial viability of some KGs but also driven down quality. To avoid the aforesaid situation from occurring, Miss HO enquired whether consideration could be given to subsidising the salary of QKTs in full. Noting that some 44 subsidised classes had less than five pupils, Miss HO enquired about the number of KGs involved.

18. SEM responded that the provision of full subsidy to the salary of QKT teachers would not necessarily ensure the quality of ECE. The Administration considered that measures such as enhancing professional competency, the quality assurance mechanism, the transparency of KGs and the interface between early childhood and primary education would be more effective and direct in enhancing the quality of ECE. Responding to Miss HO's second question, AD of E(SD) said

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that the some 44 subsidised classes having less than five pupils occurred among 20 to 30 KGs which were mainly located in public housing estates.

19. Mr Tommy CHEUNG noted that in order to rectify the situation of too many KGs chasing after too few students, the Administration intended to encourage KGs which were under-enrolled to apply for new premises in developing new towns where the population was building up. Mr CHEUNG enquired about the criteria used to select KGs for re-provisioning. Mr CHEUNG expressed concern that if there was only one KG operating in a public housing estate, the quality of service provided by the KG concerned would drop because of the lack of competition.

20. AD of E(SD) responded that the concern highlighted by Mr Tommy CHEUNG about having only one KG in a public housing estate should not arise. This was because over-supply of KGs generally occurred in a public housing estate where there were three KGs, and that this situation could be rectified if the number of KGs were reduced to two. On selection criteria, AD of E(SD) said that as a rule of thumb, the Administration would encourage the one which had a good track record of providing quality education to apply for new premises in developing new towns. Mr Tommy CHEUNG further enquired about the action which would be taken by the Administration if all three KGs had a good track record of providing ECE. AD of E(SD) responded that if that were the case, the Administration would encourage the three KGs concerned to discuss among themselves as to which one of them should move to another premises. This approach normally worked, as it was a matter of survival for all of them.

21. The Chairman said that members were supportive of the proposals contained in the Administration's paper. Their main concern, however, lied in the lack of adequate government funding for ECE. In this connection, the Chairman urged SEM to raise members' request to the highest level of the Government for consideration.

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