

**For Information
on 6 June 2005**

Bills Committee on Child Care Services (Amendment) Bill 2005

Follow-up Actions of the Bills Committee Meeting

Purpose

This paper informs Members of the rationale for replacing the Child Care Centre Fee Assistance Scheme (CCCFAS) by the Kindergarten Fee Remission Scheme (KGFRS) upon harmonization of pre-primary services and the wording of respective Committee Stage Amendments (CSAs) discussed at the Bills Committee meeting on 31 May 2005.

Replacement of CCCFAS by KGFRS

Operating Mechanism and Shortcoming of CCCFAS

2. The objective of CCCFAS, which was introduced to day nursery in 1982 and day crèche in 1994, is to assist low income families which have social needs to place their children in full-day care. Social needs refer to family circumstances such as both parents are working; a single parent family; the need for full-day care for a mentally retarded child or a victim of child abuse; and other circumstances as recommended by a social worker, etc.

3. CCCFAS is means-tested. The level of assistance is based on a sliding scale. Parental contribution is calculated according to the following guidelines:-

- (a) the family's household size and income after deducting rent at the maximum of 30% of the total income;
- (b) maximum fee assistance would be granted if the income after deducting rent is below a no-contribution level which is equal to one and one-third of the standard

rate for an able-bodied adult under the Comprehensive Social Security Scheme then multiplied by the total number of members in the family/ rounded up to the nearest \$100; and

(c) parents have to contribute at a rate of \$10 for the first \$100 above the no-contribution level, and \$15 for every \$100 thereafter.

4. One shortcoming of CCCFAS is that it has no pre-set income ceiling but is determined by the fee of the centre instead of the affordability of the target users. At present, the average monthly fee of a day crèche place is \$4,161. Under CCCFAS, a 4-person family will become ineligible for assistance if the family income is **\$50,572** per month¹ or above. Applying the same formula to the day nursery service with an average monthly fee of \$2,260, a family will be ineligible for assistance with income level of **\$32,430** per month or above.

5. Moreover, CCCFAS is extremely sensitive to the annual fee adjustment of the centre. It is noted that the eligible income ceiling will increase by \$666 (100/15 x100) automatically for every \$100 increase of the fee of the child care centre. With the annual fee increase in child care centres, the coverage of CCCFAS has gradually shifted to cover also the higher income groups in the past 10 years. For example, in day crèches alone, 26% of users are from families of over \$20,000 monthly income. This deviates from the original objective of the scheme which is to offer assistance to the poor and disadvantaged group. In the past 10 years, the number of children enrolled in aided child care centres has only registered a 3% increase (i.e. from 23 900 children in 1994/95 to 24 700 children in 2004/05). However, the expenditure on CCCFAS has increased significantly from \$126 million in 1994/95 to \$344 million in 2004/05 (i.e. nearly a 300% increase). One of the reasons for such substantial increase in expenditure is the increase in centre fees which bring about a corresponding increase in the number of eligible families.

The need for change

6. In order to prevent the ever expansion on the coverage of the CCCFAS caused by the annual fee increase of child care centres and to ensure that public funds are used on those really in need, we should align the fee remission scheme of

¹ { \$7,700 (No-Contribution Level of a 4 person family) + [\$10/\$10 x \$100 (the first additional \$100 earned)] + [\$4,151/\$15 x \$100 (the additional \$100 earned thereafter)] } / [100%-30% (rent accounts for 30% of income)]. The calculated family income of \$50,572 and \$32,430 is after rounding effect in the calculation.

pre-primary services and use the resources on those with genuine social and financial needs.

7. With the extension of KGFRS to child care centres, the level of fee assistance for serving targets of child care centres and those of KGs will be aligned. In fact, improvement measures have already been introduced to KGFRS since 2002, i.e. by adding a 75% assistance level on top of the 50% and 100% assistance levels. Further improvement measures will be introduced upon harmonization, by including meal charges on top of air-conditioning charges as an item for assistance, and also by extending KGFRS to children aged 3-6 attending half-day CCCs and full-day CCCs without social needs who are at present not eligible for CCCFAS, subject to a means-test. It is anticipated that these further improvement measures will incur additional expenditure to the Government. These arrangements help re-focus the serving targets on those needy families and remove the disparity on subsidy level of the same income group arising from different financial assistance schemes. Upon replacement of KGFRS, low income families can continue be eligible for full, 75% and 50% fee remission. CSSA families with social grounds to place their children in day nurseries and day crèches will be given a special grant to pay the day nursery or day crèche fees in full. In actual money term, a 4-person family with an income level of \$8,055 or below will receive full remission, while those with an income level between \$8,056 and \$11,710 will receive 75% remission, and an income level between \$11,711 and \$21,512 will receive 50% remission. This is considered a very reasonable level as a 4-person family with a median household income, i.e. \$18,500 (according to Census & Statistical Department 4th quarter 2004), will still be eligible for 50% remission. The three levels of assistance and a common means-test mechanism of the enhanced KGFRS would ensure that no children would be deprived of education and care due to lack of means.

8. The Administration is fully aware of the possible impact on parents currently receiving CCCFAS. We have committed to providing a grandfathering arrangement for existing CCCFAS recipients. For CCCFAS day crèche users, the grandfathering arrangement will last for 6 years until their children attend primary one.

Comparison of Fee Assistance

9. At the request of Members, a table comparing the remission level of

CCCFAS and KGFRS for six different target groups, i.e. (1) children attending kindergarten (half-day); (2) children attending kindergarten (full-day); (3) children aged 3-6 attending day nursery (full-day) without social need; (4) children aged 3-6 attending day nursery (half-day); (5) children attending day nursery (full-day) and with social need; and (6) children attending day crèche (full-day) and with social need, at different levels of income is at **Annex I**. It is important to note that the above comparison is merely a calculation for demonstration purpose. While the social and economic status of the serving and future targets as well as their choice for day nursery and kindergarten will not be the same, it would be misleading to assess the impact of replacing CCCFAS by KGFRS based on the profiles of the existing CCCFAS recipients.

Committee Stage Amendments (CSAs)

Staff-to-children ratio

10. As reported by the Administration at the last Bills Committee on 31 May 2005, it was agreed at the Steering Group on Harmonization of Pre-primary Services on 26 May 2005 that the staff-to-children ratio for non-resident children aged 2 or above in child care centres will remain at 1:14 while that for children aged 3-6 in nursery class and kindergarten at 1:15. Hence, the relevant provisions in the Child Care Services (Amendment) Bill 2005 will be withdrawn. The proposed CSA is at **Annex II**.

Commencement Dates

11. It is the Administration's plan to implement the harmonization of pre-primary services in the 2005/06 school year (i.e. 1 September 2005). The child care and kindergarten sectors have been advised of the implementation schedule in our previous circulars and briefings, and they have expressed support. The respective commencement dates in the Bill are set out below :-

- i) the date for commencing the main part of the Bill to be on 1 September 2005;
- ii) the date for commencing the provisions which abolish trainee child care workers to be on 1 September 2007; and

iii) the date which is the deadline for kindergarten teachers and principals to apply for mutual recognition under the Child Care Services Regulation will be within six month after the commencement date of the Bill, i.e. before 1 March 2006.

12. In deciding on respective commencement dates in the Bill, we have taken into account the views of the pre-primary service sectors as well as operational concerns on implementation such the time for the staff of the pre-primary services to prepare for the change, sufficient time for the trainee child care workers to complete their in-service training², and the administrative arrangements within the Government, etc. The Administration will inform all child care centres and kindergartens on the arrangement including the period of application by way of EMB circulars, correspondences and briefing sessions. The CSA for the commencement dates is at **Annex II**.

Social Welfare Department
Education and Manpower Bureau
Health, Welfare and Food Bureau
June 2005

² The in-service basic child care training course for trainee child care workers will normally take one year for completion.



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Government Secretariat, Government of the Hong Kong Special Administrative Region
The People's Republic of China

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8 June 2005

Mr. Stanley Ma
Legislative Council Secretariat
Legislative Council Building,
8 Jackson Road,
Central,
Hong Kong

Dear

Stanley,

**Child Care Services (Amendment) Bill 2005
Follow-up Actions of the Meeting on 6 June 2005**

As agreed at the meeting on 6 June 2005, I attach the revised table comparing the remission level of the Child Care Centre Financial Assistance Scheme (CCCFAS) and the Kindergarten Fee Remission Scheme (KGFRS) (Annex I to Paper 2/05).

As regards Member's question on the number of registered Child Care Centres (CCCs) with roof top playground, we have checked against our record and found that there are now 25 registered CCCs with roof top playground. All of them are located at low-rise community centres.

I should be most grateful if you could circulate this letter for Members' information.

Yours sincerely,

(Gavin KWAI)

for Secretary for Health, Welfare and Food

c.c. Secretary for Education and Manpower (Attn: Mr Andrew Poon)
Director of Social Welfare (Attn: Mr PY Fung)
Law Draftsman (Attn: Ms Grace Leung)

	Income Level	KGFRS
		Changes to the existing remission level after including remission for meal charge
(1) Children attending kindergarten (half-day)	All level	No change
(2) Children attending kindergarten (full-day)	All level	On top of the existing level, a maximum remission of \$400 for meal charge is granted. Actual additional remission varies according to family income.

Case Illustration with 4-p family/3-p single parent family:	Income Level ¹	Remission Level ²	
		CCCFAS	KGFRS
(3) Children aged 3-6 attending day nursery (full-day) without social need	\$8,000	0	\$1,279
	\$11,000	0	\$959
	\$16,000	0	\$640
	\$20,000	0	\$640
(4) Children aged 3-6 attending day nursery (half-day)	\$8,000	0	\$1,279
	\$11,000	0	\$959
	\$16,000	0	\$640
	\$20,000	0	\$640
(5) Children attending day nursery (full-day) and with social need	\$8,000	\$2,260	\$2,260 + \$75 (air-conditioning fee remission)
	\$11,000	\$2,025	\$1,695 + \$57 (air-conditioning fee remission)
	\$16,000	\$1,395	\$1,130 + \$38 (air-conditioning fee remission)
	\$20,000	\$900	\$1,130 + \$38 (air-conditioning fee remission)
(6) Children attending day crèche (full-day) and with social need	\$8,000	\$4,160	\$4,160 + \$75 (air-conditioning fee remission)
	\$11,000	\$3,925	\$3,120 + \$57 (air-conditioning fee remission)
	\$16,000	\$3,295	\$2,080 + \$38 (air-conditioning fee remission)
	\$20,000	\$2,800	\$2,080 + \$38 (air-conditioning fee remission)

¹ A rental expenditure of 16% on the household income is assumed for the calculation of CCCFAS remission rate.

² For the 2004/05 school year, the weighted average fee of NPM full-day KG/full-day aided DN and half-day KG is \$2,260 and \$1,279 per month while the weighted average fee of aided full-day crèche is \$4,160 per month. The air-conditioning fee is assuming at \$75 per month.

2. Commencement

~~This Ordinance shall come into operation on a day to be appointed by the Director of Social Welfare by notice published in the Gazette.~~(1) Subject to subsection (2), this Ordinance shall come into operation on 1 September 2005.

(2) The following provisions of this Ordinance shall come into operation on 1 September 2007 -

- (a) section 9 (in relation to paragraphs (a), (b) and (c) of that section);
- (b) section 10 (in relation to paragraphs (a), (b)(iii), (c)(iii) and (d) of that section);
- (c) section 11 (in relation to paragraph (c) of that section);
- (d) section 12; and
- (e) section 20 (in relation to paragraph (d) of that section).

11. Inclusion in and removal from the registers referred to in regulation 3

Regulation 4 is amended -

- (a) in paragraph (2)(a), by repealing ", address and qualifications";
- (b) in paragraph (3)(a), by repealing ", whether by reason of age or otherwise,";
- (c) by repealing paragraph (5);
- (d) by adding -

"(6) Notwithstanding any provision in

these regulations, the Director may refuse an application to which paragraph (7) applies unless it is made -

- (a) before ~~a date specified by the Director by notice published in the Gazette~~ 1 March 2006; or
- (b) where the Director is satisfied that there is a good reason to grant an extension of time to a particular applicant, before a date notified in writing by the Director to the applicant.

(7) This paragraph applies to -

- (a) an application for inclusion in the register referred to in regulation 3(1)(a) by virtue of holding a qualification specified in paragraph 2(a), (b) or (c) of Part I of the First Schedule; and
- (b) an application for inclusion in the register of child care workers by virtue of holding a qualification specified in paragraph 2(a) or (b) of Part II of the First Schedule.

~~(8) A notice published under paragraph (6)(a) is not subsidiary legislation for the~~

~~purposes of section 34 of the Interpretation and General Clauses Ordinance (Cap. 1).~~

12. Appointment of staff

Regulation 5 is amended -

(a) in paragraph (1)(b), by repealing "or, subject to paragraph (2), trainee workers";

~~(b) in paragraph (1A)(b), by repealing "28" and substituting "30";~~

(c) by repealing paragraph (2).

~~13. Minimum staff requirements~~

~~Regulation 6(1)(c) is amended by repealing "14" and substituting "15".~~

14. Ventilation and lighting

Regulation 21 is amended -

(a) by repealing paragraph (3) and substituting -

"(3) Subject to paragraphs (4) and (5), the ceiling of every room in the centre shall be not less than 2.5 m above the floor level of the room.";

(b) by adding -

"(4) Where -

(a) a centre is wholly or partly situated in ~~post-relevant~~ datespecified premises; and

(b) the premises are designed and

constructed for the purposes of a child care centre, the ceiling of every room in the centre shall be not less than 3 m above the floor level of the room.

(5) Where -

(a) a centre is wholly or partly situated in ~~post-relevant~~ datespecified premises; and

(b) the premises are not designed and constructed for the purposes of a child care centre, the ceiling of every room in the centre shall be not less than 2.75 m above the floor level of the room.

(6) In this regulation -

~~"post-relevant-datespecified~~ premisises" (在有關日期後啟用的指明處所) means premises -

(a) which were not used as a centre immediately before ~~the relevant~~ date1 September 2005; and

(b) in respect of which an application for registration as a centre or part of a centre is made on or after ~~the relevant~~ date1 September 2005, irrespective of whether the premises are to be used as a

new centre, as an addition to an existing centre or as the new location of an existing centre~~;~~.

~~"relevant date" (有關日期) means the day appointed for the commencement of section 3 of the Child Care Services (Amendment) Ordinance 2005 (— of 2005)."~~.

18. Area of floor space per child

Regulation 31 is amended -

(a) in paragraph (1), by repealing "The minimum area" and substituting "Subject to paragraph (1A), the minimum area";

(b) by adding -

"(1A) The minimum area of floor space required in respect of each child in a centre -

- (a) which is a non-residential centre;
- (b) which habitually receives children aged 2 years or over; and
- (c) which is wholly or partly situated in ~~post-relevant~~ datespecified premises,

shall be the area specified opposite that age in column 3(a) of the Second Schedule."

(c) in paragraph (2), by repealing "paragraph (1)" and substituting "paragraphs (1) and (1A)";

(d) by adding -

"(4) In this regulation -

~~"post-relevant date specified~~ premises" (在有關日期後啟用的指明處所) means premises -

~~期後啟用的指明處所) means premises -~~

(a) which were not used as a centre immediately before ~~the relevant date~~ 1 September 2005; and

(b) in respect of which an application for registration as a centre or part of a centre is made on or after ~~the relevant date~~ 1 September 2005, irrespective of whether the premises are to be used as a new centre, as an addition to an existing centre or as the new location of an existing centre~~;~~.

~~"relevant date" (有關日期) means the day appointed for the commencement of section 3 of the Child Care Services (Amendment) Ordinance 2005 (— of 2005)."~~

19. Smoking and spitting

Regulation 38(1) is amended =

(a) by repealing "Except in a room specified by the Director, no person shall smoke in a" and substituting "No person shall smoke in the premises of any";

(b) by repealing "during the hours that a centre is being operated".

20. First Schedule amended

The First Schedule is amended -

(a) by adding before Part I -

"PART IA

INTERPRETATION

In this Schedule -

"kindergarten education" (幼稚園教育) has the meaning assigned to it under section 3(1) of the Education Ordinance (Cap. 279);

"nursery education" (幼兒教育) has the meaning assigned to it under section 3(1) of the Education Ordinance (Cap. 279);

"principal" (校長), in relation to a school, means a teacher who is approved as the principal of a school under -

(a) section 53(2) or section 57(2) of the Education Ordinance (Cap. 279); or

(b) either of the repealed
Ordinances;

"registered teacher" (檢定教員) has the meaning
assigned to it under section 3(1) of the
Education Ordinance (Cap. 279);

~~"relevant date" (有關日期) means the day
appointed for the commencement of section
3 of the Child Care Services (Amendment)
Ordinance 2005 (— of 2005);~~

"repealed Ordinances" (已廢除條例) has the
meaning assigned to it under section 3(1)
of the Education Ordinance (Cap. 279);

"school" (學校) means a school registered under
the Education Ordinance (Cap. 279).";

(b) in Part I -

- (i) by repealing "[reg. 3(1)(a)]" and
substituting "[regs. 3(1)(a) & 4(7)(a)]";
- (ii) by repealing everything after the title
"QUALIFICATIONS FOR ENTRY IN THE REGISTER
KEPT UNDER REGULATION 3(1)(a)" and
substituting -

"1. Successful completion of a
training course approved by the
Director.

OR

2. Being -

(a) a person who, at any time

~~during the period of 6~~
~~months immediately before~~
~~the relevant date~~between 1
March 2005 and 31 August
2005 (both days inclusive),

was the principal of a
school providing nursery
education or kindergarten
education;

(b) a person -

(i) who was
recommended
before ~~the~~
~~relevant date~~1
September 2005
under section
53(1) or section
57(1) of the
Education
Ordinance (Cap.
279) for
approval to be
the principal of
a school
providing
nursery
education or
kindergarten

education; and
(ii) in respect of
whom the
recommendation
is subsequently
approved on or
after 1
September 2005
under that
Ordinance; or

(c) a person who -

(i) at any time
before 1 March
2005 had been
the principal of
a school
providing
nursery
education or
kindergarten
education;

(ii) was not such a
principal at any
time ~~during the~~
~~period of 6~~
~~months~~
~~immediately~~
~~before the~~

~~relevant date~~
between 1 March
2005 and 31
August 2005
(both days
inclusive) for a

reason

acceptable to

the Director;

and

(iii) appears to the
Director to be a
suitable person
to be included
in the register
referred to in
regulation
3(1)(a).";

(c) in Part II -

(i) by repealing "[reg. 3(1)(b)]" and
substituting "[regs. 3(1)(b) & 4(7)(b)]";

(ii) by repealing everything after the title
"QUALIFICATIONS FOR A CHILD CARE WORKER"
and substituting -

"1. Successful completion of a
training course approved by the
Director.

OR

2. Being -

- (a) a person who, at any time ~~during the period of 6 months immediately before the relevant date~~ between 1 March 2005 and 31 August 2005 (both days inclusive),

was a registered teacher teaching pupils undergoing nursery education or kindergarten education in a school; or

- (b) a person who -

- (i) at any time before 1 March 2005 had been a

registered teacher teaching pupils undergoing nursery education or kindergarten education in a school;

- (ii) was not such a registered teacher at any

~~time during the
period of 6
months
immediately
before the
relevant date
between 1 March
2005 and 31
August 2005
(both days
inclusive)~~ for a
reason
acceptable to
the Director;
and

(iii) appears to the
Director to be a
suitable person
to be included
in the register
of child care
workers." ;

(d) by repealing Part III.

**22. Transitional provision for
trainee child care workers**

Notwithstanding anything contained in the Child Care Services
Regulations (Cap. 243 sub. leg. A), no application for inclusion

in the register of trainee child care workers mentioned in regulation 3(1)(c) of the Regulations will be accepted on or after ~~the day appointed for the commencement of section 3 of this Ordinance~~ 1 September 2005.

23. Savings provision for supervisors and child care workers, etc.

Without prejudice to section 23 of the Interpretation and General Clauses Ordinance (Cap. 1), any person whose name has been included in any of the registers referred to in regulation 3 of the Child Care Services Regulations (Cap. 243 sub. leg. A) or who has submitted an application for inclusion in any of the registers before ~~the day appointed for the commencement of section 3 of this Ordinance~~ 1 September 2005 shall not be affected by the amendments made by section 20 of this Ordinance and the provisions in the First Schedule to the Child Care Services Regulations (Cap. 243 sub. leg. A) in force immediately before ~~that commencement~~ 1 September 2005 shall continue to apply to that person.