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**Panel on Education**

**Background brief prepared by the Legislative Council Secretariat  
for the meeting on 14 January 2008**

**Pre-primary Education Voucher Scheme**

**Purpose**

This paper summarises the concerns of members on the Pre-primary Education Voucher Scheme (the Scheme).

**Background**

2. In his 2006-2007 Policy Address, the Chief Executive announced a new education initiative to subsidise early childhood education. Under the Administration's proposal, starting from the 2007-2008 school year, every child aged above two years and eight months and attending a non-profit making (NPM) kindergarten (KG) charging a school fee not exceeding \$24,000 per student per annum (pspa) for a half-day place or not exceeding \$48,000 for a whole-day place would be eligible for a voucher, to be redeemed by the KG concerned.

3. The value of the voucher would be \$13,000 pspa in 2007-2008, progressively increasing to \$16,000 pspa in 2011-2012, to cover the cost of inflation, salary increment and qualification creep over the years. Of the \$13,000 subsidy, at least \$10,000 must be used on fee subsidy, with the remaining spent on professional upgrading of teachers, including the appointment of supply teachers to substitute for teachers on training course, reimbursement of course fees, or provision of school-based professional development. By the 2011-2012 school year, the whole amount of the voucher would go towards fee subsidy. All KGs were subject to a quality assurance mechanism, and starting from the 2012-2013 school year, only KGs meeting the prescribed standards might redeem the voucher.

4. According to the Administration, the purpose of introducing the Scheme was to increase investment in pre-primary education, in order to alleviate the financial burden on eligible parents, and improve the quality of pre-primary education without the elaborate regulatory controls embodied in the traditional subvention model, so as to preserve the flexibility and adaptability of KGs.

## **Deliberations of the Panel**

5. The Panel on Education (the Panel) held three meetings to discuss the Scheme and received the views of 32 deputations at two of the meetings. While all the deputations supported the provision of subsidy for pre-primary education, they had raised concerns about a number of features of the Scheme. Members also raised questions on the Scheme at Council meetings. The concerns of members on the Scheme are summarised below.

### Eligibility criteria

#### *NPM vs private independent KGs*

6. Most of the deputations received by the Panel considered the eligibility criteria for the Scheme of covering only NPM KGs too restrictive. Members shared their concern, and were of the view that parents should enjoy the right to select KGs most suitable for their children, irrespective of whether or not they were profit-making. Moreover, some districts might not have NPM KGs in the vicinity, and parents would have no choice but to send their children to private independent (PI) KGs. The proposed criterion of non-profit making would render some 10% of parents with pre-school children not eligible for the subsidy. Members were strongly of the view that any PI KGs which met the prescribed criteria should be eligible to redeem the voucher.

7. According to the Administration, PI KGs varied considerably in size and operation mode. The Administration had all along adopted the policy of subsidising only NPM KGs in early childhood education. NPM KGs were required to reinvest operating surplus to improve the quality of education, but PI KGs enjoyed a maximum profit margin of 10% which could be used at their discretion. As the use of surplus was not regulated, the Administration considered it inappropriate to use public funds to subsidise the operation of PI KGs. There were some 1 030 NPM KGs in the territory, and their geographical distribution should be able to accommodate the needs of families in individual districts. The Administration envisaged that PI KGs intending to join the Scheme would proactively plan to switch to operate on a NPM basis during the transition years.

8. Members did not accept the above explanations, and urged the Administration to remove the non-profit making eligibility criterion. After further consultation with the pre-primary education sector, the Administration proposed to modify the Scheme to provide a transitional period of three years until the end of the 2009-2010 school year for PI KGs. PI KGs satisfying all the other prescribed requirements of the Scheme save for the NPM status could redeem the vouchers of parents whose children were enrolled at various study levels in such PI KGs as of the 2007-2008 school year throughout these children's education in the same PI KGs. In addition, a one-off facilitation grant up to \$30,000 would be provided to each eligible PI KG to meet the conversion cost to NPM status on a reimbursement basis subject to submissions being made by August 2007.

9. Members considered the modified proposal an improvement to the original one but still inadequate to address all their concerns. There was a suggestion that the transitional period should be extended to five years. Members also considered it necessary to provide free pre-primary education in the long run.

10. The Administration explained that the transitional period was provided to address the concern of parents who had already selected PI KGs for their children for the 2006-2007 and 2007-2008 school years. The Administration would review the Scheme in the 2011-2012 school year.

#### *Ceiling of school fee*

11. Members noted that only NPM KGs charging a school fee not exceeding \$24,000 a year for a half-day place and \$48,000 for a whole-day place would be eligible for the Scheme. Members sought information on the reasons for setting the ceiling of school fees at such levels as one of the prescribed eligibility criteria.

12. According to the Administration, the prevailing school fees of KGs stood at about \$10,000 a year. It therefore proposed that of the voucher value of \$13,000 for the 2007-2008 school year, \$10,000 should go towards fee subsidy and the remaining should be used for professional development of teachers. In proposing a maximum school fee of \$24,000 a year for a half-day place, the Administration had taken into consideration the progressive increase of the subsidy to \$16,000 in the 2011-2012 school year, and had provided a margin of \$8,000 to cater for the difference in fee levels among KGs. The Administration considered it appropriate for the purpose of the proper use of public fund to set the limit of school fee for KGs eligible for the Scheme at the proposed levels.

#### *Age limit*

13. Members noted the minimum age of children eligible for the voucher at two years and eight months. There was a concern about the need of some families such as single parent families to send their children below this age to attend whole-day child care centres. Some deputations requested the Administration to extend the scope of the Scheme to cover children aged two to three attending child care centres.

14. According to the Administration, there was no educational basis for children below the age of three to receive formal education which underpinned the pre-primary years. The Administration considered the provision of half-day pre-primary education sufficient and appropriate for children aged three to six who should have more time to interact with their parents and families in the home environments. From that perspective, it had all along been the Government policy to subsidise children at the age of three to six attending pre-primary education on a half-day basis. The Administration recognised the need of some parents to send their children aged two to three to attend child care centres, and children aged three

to six to attend whole-day KGs. These parents were subsidised by other financial assistance schemes such as the Kindergarten and Child Care Centre Fee Remission Scheme (KCFRS), if they met the means test criterion. The Administration had no plan to include children below the age of two years and eight months in the Scheme in the next five years.

### Salaries

15. Under the existing conditions for subsidy under the Kindergarten and Child Care Centre Subsidy Scheme (KCSS), KGs were required to pay teachers according to the Recommended Normative Salary Scale (RNSS). Upon the implementation of the Scheme in the 2007-2008 school year, KCSS for eligible NPM KGs would be continued for one more year should they not be ready to join the Scheme. Members noted the concern of pre-primary teachers about the adverse impact of the abolition of RNSS. Members considered the continued existence of a normative salary scale for pre-primary teachers essential for maintaining a stable and quality pre-primary workforce as well as enhancing the quality of pre-primary education. They urged the Administration to formulate a salary framework for pre-primary principals and teachers in line with the proposal to raise their qualifications by phases.

16. The Administration considered it appropriate to let the market decide the remuneration for KG teachers. In its view, KGs should enjoy full discretion in determining salaries for their teachers and principals. Some KG operators welcomed the provision of more flexibility in salary administration. The Administration would welcome the pre-primary sector to formulate salary scales for their teachers and principals but would not interfere in this regard.

### Professional development

17. Members welcomed the proposal of professional upgrading of the pre-primary workforce as an integral part of the Scheme. They noted that to encourage teachers working in PI or NPM KGs who had chosen not to join or were not eligible for the Scheme to upgrade themselves, these teachers might claim reimbursement for up to 50% of the fees for an approved early childhood education diploma or degree course, capped at \$60,000. However, as the minimum age of children eligible for the voucher would be two years and eight months, teachers teaching children below this age would not be entitled to subsidy for professional development. Members urged the Administration to treat teachers for children aged between two and three equitably, and to monitor the spending of the voucher value earmarked for professional development.

18. The Administration explained that there were very few teachers who were teaching children aged two to three only. Most of them would be teaching children aged three to six as well, and they would benefit from the Scheme. The Administration would ensure that all serving teachers would have the same incentive and opportunity to meet the enhanced qualifications by the end of the

2011-2012 school year. As regards the arrangements for monitoring the spending of the voucher value earmarked for professional development, the Administration pointed out that KGs would be required to submit to the Education Bureau (EDB) an annual staff development plan which would set out the timetable for teacher training among other matters, and to state clearly the spending position of the part of the voucher value dedicated towards teacher development in their audited accounts. KGs would also be required to maintain separate accounts for keeping track of the spending of the provision. The unspent balance as at the end of the 2011-2012 school year would be clawed back by EDB.

19. As the entry requirement for pre-primary teachers would be raised to the Certificate in Early Childhood Education level or equivalent as from the 2007-2008 school year, members were concerned whether the few hundred students attending the approved programmes for pre-primary teachers in Hong Kong Institute of Vocational Education (IVE) and Hong Kong Institute of Education (HKIEd) would be qualified for teaching in KGs upon the completion of the programmes.

20. The Administration responded that it would collaborate with the pre-primary sector to work out the transitional arrangements for students attending currently approved programmes on early childhood education in IVE and HKIEd. The Administration would ensure that these students would not be disadvantaged in any way.

#### Fee remission for needy families

21. Members had enquired about the financial assistance to the needy students under KCFRS after the implementation of the Scheme. The Administration advised that the actual fee remission for a student would be the difference between the actual fee charged by eligible KGs for KCFRS (capped at \$25, 400 per student per annum for whole-day KG classes, or \$16, 000 for half-day classes) and the voucher value dedicated towards fee subsidy for that school year. Needy students attending whole-day classes in eligible KGs would continue to receive a subsidy for meal charges. If parents chose to enrol their children in eligible KGs which charged more than the fee ceilings, they would have to top up the difference as under the existing practice. Students who were attending PI or NPM KGs not eligible for redemption of vouchers and who were receiving fee remission in the 2006-2007 school year would be grandfathered until their completion of pre-primary education. The Administration would ensure that no existing students would receive less fee remission as a result of the implementation of the Scheme, until their completion of pre-primary education.

#### **Funding approval**

22. The Scheme was approved by the Finance Committee at its meeting on 15 December 2006.

**Relevant papers**

23. A list of the relevant papers on the Legislative Council website is in the **Appendix**.

Council Business Division 2  
Legislative Council Secretariat  
9 January 2008

**Relevant papers on  
the Pre-primary Education Voucher Scheme**

<b>Meeting</b>	<b>Date of meeting</b>	<b>Paper</b>
Panel on Education	19.10.2006	<a href="#">Minutes</a> <a href="#">Agenda</a>
Panel on Education	13.11.2006 (Item IV)	<a href="#">Minutes</a> <a href="#">Agenda</a>
Panel on Education	21.11.2006 (Item I)	<a href="#">Minutes</a> <a href="#">Agenda</a>
Legislative Council	6.12.2006	<a href="#">Official Record of Proceedings Pages 46 - 75 (Question)</a>
Finance Committee	15.12.2006	<a href="#">Minutes</a> <a href="#">FCR(2006-07)29</a> <a href="#">FC19/06-07(02)</a>
Finance Committee	20.3.2007	<a href="#">Administration's replies to Members initial written questions (Reply Serial Nos. EMB098, EMB136 and EMB152)</a>
Legislative Council	9.5.2007	<a href="#">Official Record of Proceedings Pages 9 - 15 (Question)</a>
Panel on Education	9.7.2007	<a href="#">Minutes</a>
Panel on Education	18.10.2007	<a href="#">Minutes</a> <a href="#">Agenda</a>
Legislative Council	7.11.2007	<a href="#">Official Record of Proceedings Page 73 (Question)</a>