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Panel on Education

**Updated background brief prepared by the Legislative Council Secretariat
for the special meeting on 17 December 2010**

Review of the Pre-primary Education Voucher Scheme

Purpose

This paper summarizes the concerns of the Panel on Education ("the Panel") about issues relating to the Pre-primary Education Voucher Scheme ("PEVS").

Background

2. PEVS has been implemented since the 2007-2008 school year to ease the financial burden of parents and raise the quality of kindergarten ("KG") education. Under PEVS, every child aged above two years and eight months and attending a non-profit making ("NPM") KG, including KGs for students with special educational needs, 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 is eligible for a voucher, to be redeemed by the KG concerned. A transitional period of three years until the end of the 2009-2010 school year was provided for private independent ("PI") KGs. PI KGs satisfying all the other prescribed requirements of PEVS save for the NPM status could redeem the vouchers of parents whose children had been 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.

3. The value of the voucher was \$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 courses, reimbursement of course fees, or provision of school-based professional development. By the 2011-2012 school year, the whole amount of the voucher will go towards fee subsidy. All KGs are subject to a quality assurance mechanism, and starting from the 2012-2013 school year, only KGs meeting the prescribed standards may redeem the voucher. Of 950 KGs in operation in the 2009-2010 school year, 800 had joined PEVS, and a total of 114 PI KGs had been converted to NPM operation since the 2007-2008 school year.

4. Since the introduction of PEVS in 2007-2008, the fee remission ceilings under the Kindergarten and Child Care Centre Fee Remission Scheme ("KCFRS") for families which passed the means test had been fixed at \$16,000 pspa for half-day students and \$25,400 for whole-day students. To ensure a reasonable choice of eligible and affordable KGs, the Administration has reinstated an annual adjustment mechanism for the fee remission ceilings from the 2009-2010 school year onwards on the basis of the respective weighted average fees of the NPM half-day and whole-day KGs eligible for PEVS. The fee remission ceilings including the voucher subsidy for the 2009-2010 school year had been increased to \$18,000 pspa for half-day students and \$29,300 pspa for whole-day students.

5. The Education Bureau ("EDB") set up a working group ("WG") under the Education Commission in October 2009 to review PEVS. The terms of reference of the WG include collecting the views of stakeholders on the implementation of PEVS and making recommendations to the Government for the improvement of PEVS. The WG is chaired by Professor Edmond KO Inq-ming, with members coming from different sectors of the community. The WG plans to submit a report to the Education Commission by the last quarter of 2010.

Deliberations of the Panel

6. The Panel held a series of meetings to discuss issues relating to PEVS and receive the views of deputations. The Panel had invited Professor Edmond KO to its meeting on 8 February 2010 to exchange views with members on the review of PEVS. The major concerns of members are summarized in the following paragraphs.

Ceiling on school fee

7. Members sought information on the reasons for setting the ceiling on

annual KG fees at \$24,000 and \$48,000 for half-day and whole-day places respectively as one of the prescribed eligibility criteria for PEVS. There was a view that the ceiling on school fee should be removed altogether to encourage PI KGs to change to NPM operation and invest more in enhancing the quality of education.

8. According to the Administration, KG fees in 2006 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 KG 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 necessary to set a ceiling on the KG fee to ensure that children could benefit from an affordable and quality pre-primary education under PEVS and public fund was used properly. The factor of inflation had been considered in the design of PEVS. Pursuant to the introduction of PEVS, the Administration had tightened the vetting and approval procedure for KG applications for tuition fee increases to ensure that any proposed fee increases were justified. The Administration would consider the need to adjust the value of the voucher should inflation keep on rising.

Age limit

9. The minimum age of children eligible for PEVS was set at two years and eight months. Some deputations pointed out the need of certain families such as single parent families to send their children below this age to attend whole-day child care centres. Members supported their request for an extension of the scope of PEVS to cover children aged two to three attending child care centres.

10. In the Administration's view, there was no educational basis for children below the age of three to receive formal education which underpinned the pre-primary years. The provision of half-day pre-primary education was 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 subsidize 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 subsidized by other financial assistance schemes such as 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 PEVS.

Salaries

11. Members noted with concern that upon the introduction of PEVS, the Administration abolished the Recommended Normative Salary Scale ("RNSS") and allowed all KGs to have full discretion in determining salaries for teachers. Under the subsidy conditions for the Kindergarten and Child Care Centre Subsidy Scheme ("KCSS"), KGs were required to pay teachers according to RNSS. Members held the view that the continued existence of a normative salary scale for KG teachers was essential for maintaining a stable and quality pre-primary education 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 requirement to raise their qualifications by phases. There was also a suggestion that a qualification subsidy should be provided for KG teachers to give due recognition to their qualifications.

12. The Administration pointed out that before the implementation of PEVS, RNSS only applied to KGs under the former KCSS and did not apply to all KGs in the pre-primary education sector. As the Administration had made substantial financial commitment to pre-primary education and injected new resources through PEVS, KGs should have adequate capacity in formulating salary scales and providing qualification allowances for their teachers at their own discretion. The Administration's stance was that since pre-primary education was privately run, the salaries of KG teachers should be determined by the market. According to the data collected from KGs in a questionnaire survey conducted by EDB, the average monthly salaries of full-time teachers (excluding principals) teaching half-day and whole-day classes in KGs offering local curriculum were \$9,800 and \$16,300 respectively in the 2009-2010 school year.

13. Members did not subscribe to the Administration's view that pre-primary education operated in an entirely free private market. While noting an increase in KG teachers' salaries as shown in EDB's survey, members were concerned that the survey did not indicate whether the increase was attributed to inflation, upgraded qualifications or work experience of KG teachers. Some members requested the WG to consider conducting a survey on KG teachers' salaries to help its consideration as to whether a salary framework commensurate with the qualifications of KG teachers should be formulated, or whether a qualification subsidy should be provided for KG teachers.

14. Professor Edmond KO informed members that the WG had received

views about the salaries of KG teachers. In view of the tight timetable for the review, he was doubtful whether a comprehensive and credible survey on KG teachers' salaries could be carried out by the WG. Nevertheless, he assured members that as one of the main objectives of the review by the WG was to enhance the quality of pre-primary education, the career prospect and morale of KG teachers were important factors for such enhancement, and the WG would aim to make recommendations in this regard.

Professional upgrading

Prescribed qualifications

15. Members welcomed the professional upgrading of the pre-primary education workforce as an integral part of PEVS under which all serving KG teachers were expected to obtain the Certificate in Early Childhood Education ("C(ECE)") within five years by the 2011-2012 school year. To encourage teachers working in PI or NPM KGs who had chosen not to join or were not eligible for PEVS 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. As regards KG principals, they were required from the 2009-2010 school year onwards to have a degree in early childhood education and complete a certification course before appointment, or exceptionally within the first year of their appointment.

16. Members noted that to meet the upgrading requirement before the specified deadline, more pre-primary teachers in each KG were attending the C(ECE) programmes. In the absence of a specified teacher-to-class ratio and free lessons, KG teachers had to work continuously throughout the school hours. Given the increased administrative work brought about by PEVS, members called on the Administration to improve the staffing ratio in KGs so as to make available free periods to KG teachers. Some KG deputations requested an extension of the five-year period for obtaining the C(ECE) qualification.

17. The Administration explained that in the 2009-2010 school year, about 9 060 teachers (including principals) in local KGs were holding the Qualified Kindergarten Teacher or above qualification, of whom about 4 680 teachers had a C(ECE) and about 880 teachers had a bachelor degree in Early Childhood Education. As over 80% of serving teachers had completed or enrolled in the C(ECE) courses, the Administration believed that the transitional problems would be resolved gradually within the next few years. The Administration hoped that the pre-primary education workforce could endeavour to go through the transitional period to achieve the professional upgrading. The Administration had explored ways to alleviate the administrative work of KGs and the workload of teachers, including revising the standard forms to facilitate

their keeping of records and reporting changes. KGs could use the teacher development subsidy embedded in each voucher to employ supply teachers to relieve teachers to attend the relevant upgrading courses.

18. Some members considered that the provision of short-term supply teachers could not resolve the structural problem in the pre-primary education sector. The problem could only be resolved by the establishment of a teacher-to-class ratio for KGs which was agreed to by the pre-primary education.

Teacher development subsidy

19. Members noted the reduction of the teacher development subsidy of \$3,000 per voucher to \$2,000 in 2009-2010 and to zero in 2011-2012. There was a view that the teacher development subsidy should be maintained at \$3,000 until the 2011-2012 school year. The Administration explained that it hoped that the pre-primary education workforce could complete the upgrading courses in the shortest possible time. The Administration would consider the merits for extending the provision of the teacher development subsidy if necessary.

20. As the minimum age of children eligible for PEVS was 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 them equitably. The Administration explained that there were very few teachers who were teaching children aged two to three only. Most of them were teaching children aged three to six as well, and they could benefit from PEVS. 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.

21. In response to members' concern about the arrangements for monitoring the spending of the voucher value earmarked for professional development, the Administration pointed out that KGs were required to submit to 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 were also 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.

Quality review

22. Members were concerned about the heavy workload of KG teachers as

they were required to obtain a C(ECE) by 2011-2012 but quality review ("QR") on KGs might be conducted before they obtained the qualification. Some members requested an extension of the deadline for KGs to meet the prescribed standards in order not to create excessive pressure on KG teachers.

23. The Administration explained that the quality assurance framework was an integral part of PEVS to ensure effective utilization of public resources and enhance the quality of pre-primary education. It was built on the performance indicators already established in consultation with the pre-primary education sector since 2000, and had been implemented for the KG sector in the past few years. Under QR, EDB would consider a number of performance indicators including the quality of teaching and the learning environment in individual KGs.

24. The Administration informed members that, as at September 2009, EDB had completed QR for about 45% of the NPM KGs joining PEVS. The results of the post-QR questionnaire survey indicated that about 80% of the respondents agreed that QR could accurately evaluate school performance; about 90% agreed that QR was helpful for their school development planning; and 87.6% agreed that the process of QR was open and transparent. The Administration had no plan to extend the deadline for KGs to meet the prescribed standards for joining PEVS.

Subsidy for whole-day KGs

25. Members shared the concern of many deputations about the inequitable treatment to whole-day KGs under PEVS. The number of students enrolled was used as the basis for calculating the amount of subsidies for KGs, regardless of whether they were whole-day or half-day. Given the lesser number of students in whole-day KGs, the amount of subsidies received by whole-day KGs were substantially less than half-day KGs. With longer working hours but lesser subsidies, the turnover rate of teachers in whole-day KGs was high. Considering that whole-day KGs were necessary to cater for the need of working families, members urged the Administration to address immediately the inequitable provision of subsidies for whole-day and half-day KGs.

26. The Administration acknowledged the practical need of some families for whole-day KGs and undertook to examine the matter.

Provision of 15-year free education or direct subsidy for pre-primary education

27. Many members considered that pre-primary education was indispensable to the overall development of children, and called on the

Administration to review its policies and provide 15-year free education including pre-primary education in the long term. Members proposed that alternatively, the Administration might consider providing direct subsidy for pre-primary education as in the case of primary and secondary education. Such an arrangement could achieve the spirit of PEVS in allowing freedom, flexibility, autonomy and diversity in the school system on the one hand and giving more choices to parents on the other.

28. The Administration stressed that the existing policy was to provide 12-year free primary and secondary education but not free pre-primary education, and it did not have plan to change the status quo. Nevertheless, the Administration was fully committed to assisting the development of pre-primary education. The annual recurrent expenditure on PEVS was about \$1.6 billion in 2009, and was estimated to increase to \$2 billion.

29. Members requested the WG to take the opportunity of the review to make concrete recommendations on pre-primary education. Professor Edmond KO clarified that the task of the WG was to review PEVS and not pre-primary education as a whole. Nevertheless, the WG recognized that the improvement of PEVS might be related to certain policies of pre-primary education. The WG would consider the pre-primary education in that context and make appropriate recommendations in its report.

Relevant papers

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

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

Meeting	Date of meeting	Paper
Panel on Education	19.10.2006	Minutes Agenda
Panel on Education	13.11.2006 (Item IV)	Minutes Agenda
Panel on Education	21.11.2006 (Item I)	Minutes Agenda
Legislative Council	6.12.2006	Official Record of Proceedings Pages 46 - 75 (Question)
Finance Committee	15.12.2006	Minutes FCR(2006-07)29 FC19/06-07(02)
Finance Committee	20.3.2007	Administration's replies to Members initial written questions (Reply Serial Nos. EMB098, EMB136 and EMB152)
Legislative Council	9.5.2007	Official Record of Proceedings Pages 9 - 15 (Question)
Panel on Education	9.7.2007	Minutes
Panel on Education	18.10.2007	Minutes Agenda
Legislative Council	7.11.2007	Official Record of Proceedings Page 73 (Question)
Panel on Education	14.1.2008 (Item IV)	Minutes Agenda

Meeting	Date of meeting	Paper
Panel on Education	20.3.2009	Minutes Agenda Motion passed under the agenda item of "Review of Pre-primary Education Voucher Scheme" by the Panel at the special meeting on 20 March 2009
Legislative Council	27.5.2009	[Question 3] Asked by : Hon CHEUNG Man-kwong Problems of the Pre-primary Education Voucher Scheme Reply
Legislative Council	10.6.2009 (Motion)	"Immediately reviewing the Pre-primary Education Voucher Scheme" Hansard (English) (page 179) Progress report
Panel on Education	22.6.2009 (Item I)	Minutes Agenda
Legislative Council	9.12.2009	[Question 12] Asked by : Hon CHEUNG Kwok-che Review of Pre-primary Education Voucher Scheme Reply
Legislative Council	16.12.2009	[Question 2] Asked by : Hon CHEUNG Man-kwong Remuneration for kindergarten teachers Reply

Meeting	Date of meeting	Paper
Panel on Education	8.2.2010	Minutes Agenda

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