

ITEM FOR FINANCE COMMITTEE

HEAD 156 – GOVERNMENT SECRETARIAT : EDUCATION BUREAU

Subhead 700 General non-recurrent

New Item “One-off School Development Grant for Kindergartens under the Pre-primary Education Voucher Scheme”

Members are invited to approve the creation of a new commitment of \$165.5 million for the provision of a one-off cash grant to kindergartens under the Pre-primary Education Voucher Scheme.

PROBLEM

We need to provide Kindergartens (KGs) under the Pre-primary Education Voucher Scheme (PEVS) with one-off financial support for improving their school premises, facilities and learning resources to help them enhance the effectiveness of teaching and learning.

PROPOSAL

2. The Secretary for Education (SED) proposes to create a new non-recurrent commitment of \$165.5 million to provide KGs under the PEVS (including KGs, KG-cum-child care centres and schools with KG classes) with a One-off School Development Grant (One-off Grant) in the 2013/14 school year to improve their school premises, facilities and learning resources.

/JUSTIFICATION

JUSTIFICATION

3. PEVS was introduced with effect from the 2007/08 school year to provide direct fee subsidy to parents in meeting the tuition fee of KG education of their children. The objective of the PEVS is for all eligible children of relevant age¹ to receive affordable and quality KG education. Arising from the quality assurance mechanism and relevant measures to ensure accountability and transparency of participating KGs under the PEVS, the quality of KGs has been improving.

4. KGs are privately run and are supposed to operate on a self-financing basis with the operating costs met mainly by tuition fee income. KGs under PEVS cannot charge school fees beyond a certain level. To ensure the quality of their education services and to meet the expectations of stakeholders, KGs need to put in appropriate resources to improve their premises, facilities, teaching aids and learning tools as and when necessary. While some KGs under the PEVS have managed to do so mainly with tuition fee income, others have expressed difficulty in making necessary improvements without raising tuition fees. Among the 757 KGs under PEVS in the 2010/11 school year², some 280 (37%) incurred net deficits and some 30 (4%) achieved breakeven.

5. In view of the difficulties encountered by PEVS KGs, the Chief Executive has announced in the 2013 Policy Address the proposal of providing PEVS KGs with the One-off Grant to address their needs and achieve immediate improvement in the school environment and facilities. This grant will help enhance the quality of KG education while at the same time maintaining its affordability to parents.

Proposed amount to be disbursed

6. The proposed One-off Grant will be provided to each of those KGs under the PEVS (by school registration³) in the 2013/14 school year upon their application. The grant will comprise two components, including –

- (a) a basic grant of \$150,000; and
- (b) an additional grant calculated according to the number of pupils enrolled in each KG in September 2013 at the rate of \$750 per eligible pupil.

/The

¹ The school-age population for KG education normally refers to children aged from 3 to below 6.

² Annual review report of 2011/12 audited accounts is not yet available.

³ Registered KGs may extend their premises by registering sub-premises under the same school registration. A registered PEVS KG, regardless of the number of sub-premises, would be counted as one KG for the purpose of disbursement of the One-off Grant.

The basic grant seeks to ensure that adequate provision is provided to meet expenses on improvement works of KGs, especially those relatively small-scale KGs. The additional grant will vary with the number of pupils as the required enhancement of facilities and learning resources should largely be proportionate to the number of pupils. The total amount of the One-off Grant will be capped at \$250,000 per KG as KGs with more students may achieve similar improvements through economies of scale.

Ambit and duration

7. KGs under PEVS would be allowed to use the One-off Grant to meet expenses for maintenance, repair or improvement of school premises/facilities, procurement of furniture and learning resources (e.g. books, teaching materials and computers) and hiring of additional personnel/services on a temporary and project basis for developing teaching resources. As KGs need time to plan and make effective use of the One-off Grant, we propose to allow them a period of around three years to use the provision. Any unspent amount at the end of the 2015/16 school year must be returned to the Government.

Accountability

8. KGs under PEVS are accountable to the public on their procurement/employment/competitive bidding arrangements and on the proper and prudent use of public funds. KGs would be required to draw up a set of procurement/employment/competitive bidding procedures that are in line with the guidelines issued by the EDB and having regard to their individual circumstances as necessary, to ensure the procedures are conducted in a fair, open and well-documented manner.

FINANCIAL IMPLICATIONS

9. Of all the KGs covered by the PEVS in the current school year, 716 (by school registration) have already submitted applications for continuing to remain in the PEVS in the 2013/14 school year. As there may be new KGs joining the PEVS while some existing ones may cease operation between now and September 2013, the actual number of PEVS KGs for the 2013/14 school year will still be subject to adjustment.

10. Based on the 716 KGs and their existing number of enrolled pupils, we estimate that nearly half of the KGs will be provided with the maximum amount of the One-off Grant at \$250,000. The estimated total non-recurrent expenditure for the disbursement of the One-off Grant is about \$165.5 million with the following breakdown –

	2013-14 \$ '000
(a) Basic grant to be disbursed by school registration (i.e. \$150,000 x 716 KGs)	107,400
(b) Additional grant to be disbursed according to the number of students enrolled	
(i) for 351 KGs with 134 pupils or above (i.e. \$100,000 x 351 KGs)	35,100
(ii) for 365 KGs with 133 pupils or less (i.e. \$750 x 30 524 pupils ⁴)	22,893
Total	165,393
Say	165,500

PUBLIC CONSULTATION

11. In the past six months or so, we have conducted some 20 meetings and sharing sessions with various stakeholders of the KG sector in order to have a firm grasp of their operational needs. At meetings conducted after the announcement by the Chief Executive of the provision of the One-off Grant in the 2013 Policy Address, the KG sector generally welcomed the initiative, expressing that the provision of the One-off Grant would alleviate their financial burden in improving school facilities and learning resources and to a certain extent mitigate the pressure for increasing the school fees.

12. We consulted the Legislative Council Panel on Education on 10 June 2013 on the proposal. While some Members expressed concern about the adequacy of the One-off Grant for covering the cost of improving KGs' premises, facilities and learning resources and some others stressed the need for sufficient safeguards on the utilisation of the One-off Grant by the KGs to ensure proper and prudent use of public funds, Members of the Panel agreed to the submission of the proposal to the Finance Committee.

/BACKGROUND

⁴ Based on the enrolment figures in the 2012/13 school year, the total number of students enrolled in these 365 KGs is 30 524.

BACKGROUND

13. The PEVS has been implemented since the 2007/08 school year. As of the 2012/13 school year, about 97% of the local non-profit-making KGs have joined the PEVS, covering 129 400 students. In the 2012/13 school year, the school fee thresholds for KGs under PEVS are \$25,200 per student per annum for a half-day place and \$50,400 per student per annum for a whole-day place. The school fees of over 95% of these KGs are below the respective thresholds.

14. The Chief Executive in his 2013 Policy Address announced that the Government will continue to implement the PEVS and proposed providing PEVS KGs with an additional one-off grant in the 2013/14 school year to carry out minor improvement works and procure furniture, teaching materials and other learning resources, etc. with a view to helping KGs improve the teaching environment and facilities as well as their teaching and learning effectiveness.

Education Bureau
June 2013