

**For information  
14 November 2006**

## **LEGISLATIVE COUNCIL PANEL ON EDUCATION**

### **New Initiatives in Pre-primary Education**

#### **INTRODUCTION**

The Administration had informed the Legislative Council Panel on Education via LC Paper No. CB(2)277/06-07(01) of its proposals as follows -

- (a) a voucher scheme for pre-primary education be introduced to provide direct fee subsidy for parents;
- (b) the professional qualifications of pre-primary principals and teachers be further upgraded;
- (c) a quality assurance mechanism be established so that by the end of the 2011/12 school year only accredited kindergartens and kindergarten-cum-child care centres (hereafter collectively referred to as “KGs”) may join the voucher scheme;
- (d) as transitional arrangements and with necessary modifications, the Kindergarten and Child Care Centre Fee Remission Scheme (KCFRS), the Kindergarten and Child Care Centre Subsidy Scheme (KCSS) and reimbursement of rents, rates and government rents should continue; and
- (e) a one-off grant be provided to all KGs in the 2006/07 school year for school development.

2. Having considered stakeholders’ views, the Administration has decided to proceed with the above proposals, with the following modifications -

- (a) regarding paragraph 1(a) above -
  - (i) a transition period of 3 years until the end of the 2009/10 school year will be allowed for private independent [PI] KGs satisfying all prescribed requirements of eligible NPM KGs save for the NPM status (hereafter “eligible PI KGs”) to redeem the vouchers of parents whose children are enrolled at various study levels in such PI KGs as of the 2007/08 school year throughout these children’s education in the same PI KGs; and
  - (ii) a one-off facilitation grant up to \$30,000 per eligible PI KG to help meet conversion cost to NPM status will be provided on a reimbursement basis, provided that it applies for reimbursement by August 2007;
  
- (b) regarding paragraph 1(d) above –
  - (i) fee remission for needy students enrolled in eligible PI KGs in the 2007/08 school year will continue up to the end of the 2009/10 school year on the same basis as for students of eligible NPM KGs; and
  - (ii) rents, rates and government rent reimbursement will continue to be offered only to eligible NPM KGs in accordance with prevailing policy.

## **JUSTIFICATIONS**

### ***Transitional arrangements for students of PI KGs***

3. The Administration has decided that the voucher scheme will only be open to NPM KGs and that by 2012 only accredited NPM KGs will be eligible. Redemption of vouchers will depend on change of status to NPM. While the switch to NPM is fairly simple in legal terms, the PI KGs may wish to consider their competitive position and any necessary adjustment including governing structure.

4. To address parents' concern, a transition period which allows the use of voucher by parents of children enrolled in eligible PI KGs in the 2007/08 school year will provide continuity of kindergarten education for these children. To facilitate parents to make informed choice, all transparency arrangements required of eligible NPM KGs will apply to eligible PI KGs during the transition. The condition that a local KG (no matter whether PI or NPM) must charge a tuition fee at a level not exceeding \$24,000 per student per annum to be eligible to redeem voucher will continue to hold.

5. To ensure that no existing students would be worse off under the new funding mechanism, fee remission for the relevant cohorts of children in eligible PI KGs will apply in the same way as those intended for NPM KGs.

#### ***Facilitation grant for PI KGs***

6. As a positive step to encourage eligible PI KGs to operate on a NPM basis early and benefit from the voucher scheme, we will provide them with a one-off facilitation grant if they apply for reimbursement by August 2007. The grant will be capped at \$30,000 per eligible PI KG and provided on a reimbursement basis for meeting with necessary legal and accounting/auditing costs incurred in the conversion.

7. The Administration maintains the policy position that the voucher will be redeemed at NPM KGs and that the scheme as a whole will be reviewed in 2011/12. The Education and Manpower Bureau will continue to consult stakeholders on the operational details and refine where needed within the parameters of the scheme.

#### **FINANCIAL IMPLICATIONS**

8. The original set of financial projections amounting to a net additional recurrent expenditure of about \$2 billion per annum was premised on the assumption that 90% of the children in the relevant age cohorts would come forward to apply for and benefit from the voucher.

Under the transitional arrangements for local PI KGs, the Administration expects students of all the local PI KGs that can meet the prescribed requirements, including the transparency requirements, to come within 90% of the population in the relevant age cohorts, and hence no additional funding will be required. The actual expenditure will depend on various factors including change in student population, choice of parents and response of operators.

9. The one-off grant to facilitate conversion of PI KGs into NPM operations is expected to cost about \$5 million.

## **PUBLIC CONSULTATION**

10. The Education and Manpower Bureau consulted the Legislative Council Panel on Education on 13 November 2006 on the new initiatives in pre-primary education as announced in the Chief Executive's 2006-07 Policy Address.

Education and Manpower Bureau  
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