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Panel on Education

**Updated background brief prepared by the Legislative Council Secretariat
for the meeting on 13 June 2011**

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 on 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. As of the 2010-2011 school year, 757 out of 951 KGs or about 80% are taking part in PEVS. Among them, 111 are PI KGs that have been converted to NPM operation since the 2007-2008 school year. In the 2010-2011 school year, approximately 123 600 KG children receive fee subsidy under PEVS.

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 existing levels of fee remission for half-day KGs and whole-day KGs, including the voucher subsidy, are \$18,700 pspa and \$30,200 pspa respectively.

5. The Education Bureau ("EDB") set up a working group ("WG") under the Education Commission in October 2009 to conduct a review of 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 submitted its report ("the Report") to the Education Commission in December 2010. A summary of the recommendations of the WG is in **Appendix I**.

Deliberations of the Panel

6. The Panel held a series of meetings between October 2006 and December 2010 to discuss issues relating to PEVS and receive views of deputations. 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 for KG teachers

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.

13. Members expressed disappointment that the WG had not made any recommendation on introducing a salary scale for KG teachers. The Chairman of the WG explained that since the WG had concluded that PEVS was an appropriate mechanism for funding pre-primary education, it should respect the policy intent of PEVS and avoid over-regulation of the sector. In the view of members, the formulation of a salary scale could co-exist with the PEVS. Members urged the Administration to consider the stakeholders' request for a salary scale for KG teachers with a view to retaining quality teachers.

Professional upgrading

Prescribed qualifications

14. 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. With effect from the 2009-2010 school year, all newly appointed principals were required to possess a Bachelor in Education (Early Childhood Education) and to complete the Certificate Course for KG Principals. Up to August 2010, about 490 KG principals/teachers had completed the Certificate Course for KG Principals.

15. 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.

16. According to the Administration, as at the beginning of the 2010-2011 school year, over 90% of KG teachers were either holding or pursuing the C(ECE). With the increase of teachers having their qualifications upgraded, 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.

17. 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 sector.

Teacher development subsidy

18. 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.

19. 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.

20. 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

21. 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.

22. 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.

23. The Administration informed members that, as at September 2010, EDB had completed QR for about 80% of the NPM KGs joining PEVS. The QR report had been posted on the EDB website for reference by parents and members of the public. 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

24. 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.

25. Members expressed disappointment that the Report had not addressed the request of stakeholders for increase in subsidy for whole-day KGs. Members did not see any problem with the provision of school-based subsidies for whole-day KGs under PEVS to mitigate their hardships. Noting that the WG had not made a conclusion about whether whole-day or half-day KGs were better for children, members considered it necessary for the Administration to take into account parents' needs and the impact on children's development in considering the merits of whole-day KGs vis-à-vis half-day KGs.

26. The Administration explained that the fee of whole-day KGs included education and child-care elements. In response to the concern about the fee remission ceilings for whole-day KGs, it had reacted swiftly by reinstating the annual adjustment mechanism for the fee remission ceilings on the basis of the respective weighted average fees of the non-profit half-day and whole-day KGs eligible for PEVS. It had also simplified the application procedures for fee

remission for families receiving Comprehensive Social Security Assistance. The Administration would study the recommendations in the Report in detail before arriving at its views.

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. At the special meeting on 17 December 2010, members reiterated their call for the Administration to conduct a comprehensive review on pre-primary education as soon as possible with a view to implementing 15-year free education. Some members pointed out that since Hong Kong had structural surplus in recent years, the Administration should use the surplus to implement 15-year free education to resolve the issues of the formulation of a salary scale for KG teachers and increasing subsidies for whole-day KGs.

30. The Administration advised that financial capability should not be the only consideration for the provision of 15-year free education. Thorough planning of the administration of the entire KG system and the provision of the required support facilities was necessary. Since KGs had all along been run by the private sector, the Administration had to study carefully the recommendations in the Report including the experience of other countries in early childhood education before coming to its views.

Fee remission

31. At the special meeting on 17 December 2010, the Panel noted the WG's recommendations that the percentage of fee remission should be calculated after first deducting the voucher subsidy and the social need assessment be removed

for needy children whose parents were applying for remission for attending whole-day KGs. These recommendations were generally welcomed by deputations attending the meeting.

32. The Administration advised that it had taken note of the deputations' views and concerns. It would study the Report in detail and take forward the WG's recommendations subject to their practicability and the availability of resources.

Latest developments

33. The EDB issued a Legislative Council ("LegCo") Brief (File Ref: EDB(QA)/SCH/3/13/11R) on 2 June 2011 on the improvement measures to be made to the PEVS.

34. The Administration is scheduled to report to the Panel on its consideration of the recommendations in the Report at the upcoming meeting on 13 June 2011.

Relevant papers

35. A list of the relevant papers on the LegCo website is in **Appendix II**.

Review of the Pre-primary Education Voucher Scheme Summary of Recommendations

Recommendation 1

The WG considers the PEVS to be an appropriate mechanism for funding pre-primary education as it can attend to the characteristics of the local context and, hence, recommends its continuation beyond the 2011/12 sy, subject to periodic review. A further review of early childhood education in response to developments in the macro environment should be conducted at an opportune time.

Recommendation 2

The WG recommends that, while keeping the three eligibility criteria for KG admission to the PEVS, the fee thresholds should be subject to an annual review with reference to inflation.

Recommendation 3

The WG recommends that the value of the voucher should be subject to an annual review with reference to inflation.

Recommendation 4

The WG recommends that while the current Kindergarten and Child Care Centre Fee Remission Scheme should continue to provide additional support to children from needy families attending half-day or whole-day KGs in parallel with the PEVS, the percentage of fee remission should be calculated after first deducting the voucher subsidy. The WG also recommends the removal of social need assessment for needy children whose parents are applying for fee remission for attending whole-day KGs.

Recommendation 5

Building on the existing governance structure, the WG recommends the continuation of QR, and the following steps to be taken: (i) identify information that would contribute to transparency and dissemination of good practices to the public, especially parents; (ii) involve professionals in the sector to fine-tune the review process so that the QR is improvement-oriented; and (iii) put in place a mechanism to give attention to the under-performing KGs.

Recommendation 6

The WG recommends that parent education should be enhanced to support parents in making informed choices of KGs for their children. EDB should also encourage parental partnership with KGs in promoting the learning and development of children.

Recommendation 7

The WG recommends that local studies and research on the latest development of pre-primary education should be encouraged to inform good practices for future development.

Recommendation 8

The WG recommends that PEVS KGs with sufficient number of teachers holding the C(ECE) qualifications based on the teacher to child ratio of 1:15 may continue to employ teachers with Qualified Kindergarten Teacher qualifications, or a qualification acceptable to the Permanent Secretary for Education, to meet their individual needs. In-service training opportunities should continue to be provided for serving teachers without C(ECE) for professional upgrading in the 2012/13 sy and beyond. In the interim of two years, and under special circumstances, EDB may consider counting those teachers pursuing the C(ECE) qualifications as C(ECE) teachers for the purpose of meeting the 1:15 teacher to child ratio requirement.

Recommendation 9

The WG recommends that EDB should continue to provide support for the professional development of KG teachers and principals. The WG also encourages KGs to apply for the support of the Quality Education Fund for school-based initiatives.

Recommendation 10

The WG recommends that an advisory body should be set up to take a professional view on various issues relating to the long-term development and quality of pre-primary education, such as a reference salary scale for teachers and principals and their continuous professional development.

Recommendation 11

The WG recommends that the schedule for disbursing voucher subsidy to KGs should be revised to follow the tuition fee payment schedule of KGs so as to reduce their difficulties in handling administrative and accounting work.

Recommendation 12

The WG recommends that the existing policy and arrangements for rents, rates and government rent reimbursement for KGs should continue rather than subsuming these elements under the voucher subsidy.

Note: Extracted from the Report on Review of the Pre-primary Education Voucher Scheme submitted by the Working Group on Review of the Pre-primary Education Voucher Scheme, Education Commission, in December 2010.

Council Business Division 2
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**Relevant papers on
Pre-primary Education Voucher Scheme**

Committee	Date of meeting	Paper
Panel on Education	19.10.2006	Agenda Minutes
Panel on Education	13.11.2006 (Item IV)	Agenda Minutes
Panel on Education	21.11.2006 (Item I)	Agenda Minutes
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 6 - 15 (Question)
Panel on Education	9.7.2007	Minutes
Panel on Education	18.10.2007	Agenda Minutes
Legislative Council	7.11.2007	Official Record of Proceedings Pages 95 - 96 (Question)
Panel on Education	14.1.2008 (Item IV)	Agenda Minutes

Committee	Date of meeting	Paper
Panel on Education	20.3.2009 (Item I)	Agenda Minutes CB(2)1151/08-09(01)
Legislative Council	27.5.2009	Official Record of Proceedings Pages 23 - 31 (Question)
Legislative Council	10.6.2009	Official Record of Proceedings Pages 179 - 256 (Motion) Progress report
Panel on Education	22.6.2009 (Item I)	Agenda Minutes
Legislative Council	9.12.2009	Official Record of Proceedings Pages 92 - 94 (Question)
Legislative Council	16.12.2009	Official Record of Proceedings Pages 15 - 25 (Question)
Panel on Education	8.2.2010 (Item IV)	Agenda Minutes
Panel on Education	17.12.2010 (Item I)	Agenda Minutes Report on Review of the Pre-primary Education Voucher Scheme