

For discussion on  
19 March 2013

**Legislative Council Panel on Education**  
**Issues Related to the Provision of Free Kindergarten Education**

**Purpose**

This paper sets out the various issues relating to the provision of free kindergarten (KG) education.

**Background**

2. In Hong Kong, nine years' free, universal and compulsory basic education (primary and junior secondary) in public sector schools has been introduced since 1978, and free education was extended to 12 years to cover senior secondary as from the 2008/09 school year.

3. Similar to the practices in most overseas countries, KG education in Hong Kong is not part of basic education. KGs in Hong Kong have all along been privately run. There is a huge diversity among KGs in terms of their operating scale, school premises and facilities, rent and other operating costs, qualifications and number of teachers, staff salaries and school fees charged, etc.

Pre-primary Education Voucher Scheme

4. The Government introduced the Pre-primary Education Voucher Scheme (PEVS) in the 2007/08 school year to provide fee subsidy, not to the KGs, but to the parents of KG children. On top of the voucher subsidy, families with financial difficulties may apply for fee remission to ensure that no children will be deprived of KG education due to the lack of financial means.

5. The objective of PEVS is to increase the Government's investment in pre-primary education so as to alleviate the financial burden on eligible parents, upgrade the professional qualifications of KG principals and teachers, and improve the facilities of eligible KGs. By providing direct fee subsidy to parents in the form of

voucher, the Government wishes to preserve the market responsiveness of the sector and to enhance quality at the same time.

6. As set out in *Finance Committee Paper of 15 December 2006 [FCR(2006-07)29]*, the PEVS in the context of Hong Kong has the following characteristics:

- It keeps wide eligibility but should not be regarded as an entitlement, as pre-primary education is not compulsory;
- It operates in a wholly private market, but restricts eligibility to non-profit-making KGs in line with the existing policy so that all government funding will be invested in the students;
- It is tied to a quality assurance mechanism which ensures that only those meeting the prescribed standards can join the Scheme;
- It is non-means-tested and will allow the vast majority of parents to access a large number of KGs. Parents will have to pay for the difference in case the tuition fee exceeds the voucher value; and
- It requires enhanced transparency of KG's operations.

7. The Education Bureau (EDB) has been monitoring the implementation of PEVS and introduced improvement measures as and when appropriate. A review on the implementation of PEVS was conducted in 2009 by a Working Group (WG) under the Education Commission. In gist, the WG recommended that the PEVS should be continued having regard to its penetration and the incentive for professional upgrading and self-improvement that it has induced. The WG also recommended enhancement measures to further facilitate, within the PEVS framework, the professional and governance improvement of the KG sector. The major improvement measures introduced by EDB since 2009 are summarized in the Appendix.

### **Latest Development**

8. Providing practicable 15-year free education and better quality KG education is one of the priorities of the current-term Government. As announced in the 2013 Policy Address, EDB will set up a committee to study and make specific proposals on how to practicably implement free KG education.

9. Since July 2012, the Secretary for Education has had over 20 meetings with the KG sector, including sharing sessions with various stakeholders and visiting KGs of different operating modes and scales, in order to better understand the operation and

needs of KGs. Meetings have also been held with overseas education professionals to study KG practices in other places. Through these exchanges, the stakeholders have expressed different understanding and expectations on further enhancement to KG education. The following are the major views received:

- On the *mode of subsidy*, some stakeholders expressed that the Government should subsidise KGs directly so as to enhance the consistency of KG education provided, while other stakeholders had reservation about adopting a standardised subvention mode, which they thought might adversely affect the flexibility of the KG sector and hence their provision of diversified services for parents. Some appealed for enhancing the PEVS to provide parents with more subsidy and choices. There were concerns about issues associated with direct subvention to KGs, such as the need to set a threshold for the class size and centralise the allocation of KG places. Some were wary that a direct subvention mode would create pressure for closure of some very small KGs and the knock-on effect on the stability of the KG teaching force.
- There were also views that the Government should provide *school premises* for all KGs, and if this was not feasible, rent reimbursement should be provided for all KGs in non-Government premises. However, some were concerned that this might not be a cost-effective way to use public money. Others also feared about the inadvertent creation of a rent increase-reimbursement enhancement spiral and the implications for the public purse.
- On *teachers' salary*, many expressed the view that the Government should provide a salary scale for KG teachers, taking into account teachers' qualifications and experience. In this connection, some also suggested that the Government should subsidise teachers' salary partially or in entirety. On the other hand, there were views that instead of directly subsidising teachers' salary, the Government should increase the voucher subsidy so that KGs may charge higher school fees to meet their expenses, including teachers' salaries. There were also opinions that the Government should subsidise the *continuous professional development* of KG teachers.
- Some expressed the need for *whole-day KGs* to be provided with a higher rate of subsidy, while some considered that from the educational perspective, half-day schooling would suffice at the KG level and the need of some families for extra child care services could be catered for separately.

## **Committee on KG Education**

10. In view of the diverse views among the stakeholders on further enhancement of KG education, we need to be prudent when considering how to practicably materialize free KG education. Despite its scope for possible improvement, the KG sector's flexibility and provision of diversified services are highly valued by stakeholders including parents. We need therefore to strike a sensible balance between subvention and accountability on the one-hand and market responsiveness and diversity of services on the other hand. To help enrich the deliberation, EDB plans to set up a Committee on KG Education (the Committee) in April 2013 to examine various related issues and make specific and practicable proposals.

11. Representatives from the education sector, various KG stakeholder groups as well as members from other professions will be involved in the Committee to facilitate a holistic discussion. The Committee will gauge views of stakeholders on the current policy of KG education, identify issues for possible improvements, consider various options and make recommendations to EDB on the way forward.

12. In view of the intricacies of the issues involved and the far-reaching implications of the objective of KG education for our future generations and long-term financial commitments, sufficient time is required for the Committee to take forward its work. Furthermore, the Committee may also need time to study the practices in other places when recommending proposals. Our current assessment is that the Committee will take about two years to complete its tasks and make recommendations to EDB.

## **Views Sought**

13. Members are invited to note the content of this paper.

Education Bureau  
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**Pre-primary Education Voucher Scheme**  
**Major Improvement Measures Introduced Since 2009**

- From the 2009/10 school year onwards, the Government has reinstated an annual adjustment mechanism to the fee remission ceilings on the basis of the half-day and whole-day weighted average fees of non-profit-making KGs in the PEVS. This aimed to ensure a reasonable choice of eligible and affordable KGs under the PEVS for needy families.
- With effect from the 2011/12 school year, the Kindergarten and Child Care Centre Fee Remission Scheme (KCFRS) has been modified to provide enhanced assistance to KG children of needy families, which includes the revision of the calculation of fee remission under KCFRS; the removal of the social needs assessment for eligibility for whole-day rate of fee remission; and the annual adjustment of meal allowance ceiling for needy KG children attending whole-day PEVS KGs with reference to the Consumer Price Index (A).
- With effect from the 2012/13 school year, the fee thresholds for admission of KGs to PEVS and the voucher value are adjusted annually according to the Composite Consumer Price Index (CCPI), and the schedule for disbursing voucher subsidy to KGs has been revised to follow the tuition fee payment schedule of KGs so as to reduce their difficulties in handling administrative and accounting work.