

# 立法會 *Legislative Council*

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## **Panel on Education**

**Meeting on 14 November 2016**

### **Background brief on issues related to the provision of free kindergarten education**

#### **Purpose**

This paper provides a summary of the major views and concerns expressed by Members on issues related to the provision of free kindergarten education in Hong Kong.

#### **Background**

##### Overview of the kindergarten sector

2. At present, 12-year free primary and secondary education is provided in Hong Kong. Pre-primary education is provided by privately run kindergartens and kindergarten-cum-child care centres (collectively referred to as "KGs") which are registered with the Education Bureau ("EDB").

3. All KGs in Hong Kong are privately run and can be categorized as non-profit-making ("NPM") KGs and private independent KGs depending on their sponsoring organizations which can be voluntary agencies or private enterprises. In the 2014-2015 school year, 90% of KGs in Hong Kong are local KGs and 10% are non-local ones. Out of the 760 local NPM KGs, 381 KGs (around 50%) operate both half-day ("HD") and whole-day ("WD") classes, 235 KGs (31%) operate solely WD classes and 144 (19%) operate solely HD classes. Of those KGs with WD classes, 246 are long whole-day ("LWD") KGs (formerly aided centres under Social

Welfare Department) operating five and a half days per week with longer service hours.<sup>1</sup>

### Financial assistance

#### *Pre-primary Education Voucher Scheme*

4. The non-means-tested Pre-primary Education Voucher Scheme ("PEVS") has been implemented since the 2007-2008 school year. KGs joining PEVS must be NPM offering a full local curriculum and charging a tuition fee not exceeding the specified fee thresholds.<sup>2</sup> A child aged two years and eight months or above attending a NPM KG under PEVS is eligible for a voucher, to be redeemed by the KG concerned. The school fee to be paid by parents is the difference, if any, between the school fee charged by the KG and the fee subsidy under PEVS. In the 2014-2015 school year, around 95% of local NPM KGs have joined PEVS and about 80% of the KG students are in receipt of the voucher subsidy. The amount of fee subsidy under PEVS for the 2014-2015 and 2015-2016 school years is \$20,010 per student per annum ("pspa") and \$22,510 pspa respectively.

#### *Kindergarten and Child Care Centre Fee Remission Scheme*

5. Parents who are financially in need may apply for additional financial assistance under the Kindergarten and Child Care Centre Fee Remission Scheme ("KCFRS") when their children are enrolled in a KG eligible for PEVS. If the fee subsidy from PEVS is inadequate to cover the tuition fees charged by the KG, parents may apply for additional assistance under KCFRS. Those who pass the means test will be provided with fee remission with reference to the level of assistance they are assessed to be eligible for. It was also announced in the 2014 Policy Address that the fee remission ceiling would be lifted to help needy families. The funding proposal was subsequently approved by the Finance Committee ("FC") on 21 February 2014. In the 2015-2016 school year, the fee remission ceilings for HD and WD KG classes are \$29,300 pspa and \$44,700 pspa respectively.

#### *Rent Reimbursement Scheme*

6. To alleviate NPM KGs' rental-related expenditure, EDB has been administering the Rent Reimbursement Scheme ("RRS") since 1982. All

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<sup>1</sup> See LC Paper No. CB(4)532/15-16(01).

<sup>2</sup> In the 2015-2016 school year, the fee thresholds for HD and WD classes are \$33,770 and \$67,540 per student per annum respectively.

applications for rent reimbursement are considered on individual merits based on a set of prescribed criteria and subject to the condition that there is a proven demand for KG places in the district. KGs will receive full reimbursement for a fill-up rate of 50% or above, or 50% reimbursement for a fill-up rate below 50%. In 2013-2014, 394 KGs (i.e. about 50% of all NPM KGs) receive reimbursement under RRS with the reimbursed amount ranging from \$3,100 to \$350,000 per month.

#### *One-off School Development Grant*

7. Pursuant to the announcement of the Chief Executive in his Policy Address 2013, the Administration proposed in June 2013 that in the 2013-2014 school year, each KG under PEVS would be given a One-off School Development Grant ("One-off Grant") in an amount ranging from \$150,000 to \$250,000 to improve school premises, facilities and learning resources. The total amount involved for the disbursement of the One-off Grant would be about \$165 million. Each KG could spend the One-off Grant over a span of three school years and any unspent amount at the end of the 2015-2016 school year would need to be returned to the Government. The funding proposal was subsequently approved by FC on 5 July 2013.

#### Committee on Free Kindergarten Education

8. On 8 April 2013, EDB announced the establishment of the Committee on Free Kindergarten Education ("the KG Committee") and appointed Dr Moses CHENG as its Chair. The KG Committee was tasked to examine various related issues with a view to making proposals on how to implement quality KG education free in a practicable and sustainable manner.<sup>3</sup> Underpinned by five Sub-committees, the KG Committee completed its work and published a report on 28 May 2015.<sup>4</sup>

#### Free quality kindergarten education policy

9. In the 2016 Policy Address, the Chief Executive announced the implementation of the free quality KG education policy from the 2017-2018 school year to improve the quality of KG education. According to the

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<sup>3</sup> Committee on Free Kindergarten Education. (2015) *Membership and terms of reference of the Committee on Free Kindergarten Education*. Available from: <http://www.edb.gov.hk/en/edu-system/preprimary-kindergarten/free-kg-committee/index.html> [Accessed November 2016]

<sup>4</sup> Committee on Free Kindergarten Education. (2015) *Report of the Committee on Free Kindergarten Education*. Available from: [http://www.legco.gov.hk/yr14-15/english/panels/ed/ed\\_fke/papers/ed\\_fkecb4-1102-1-e.pdf](http://www.legco.gov.hk/yr14-15/english/panels/ed/ed_fke/papers/ed_fkecb4-1102-1-e.pdf) [Accessed November 2016]

information provided by the Administration in January 2016, the new policy would replace the existing PEVS. The new policy contained a number of key features notably the following:

- (a) The Government subsidy would cover HD service in local NPM KGs as the basic provision for all eligible KG students. The basic HD unit subsidy provided on a per student unit cost basis would cover teaching staff salary, supporting staff salary and other operating expenses.
- (b) Additional resources would be provided for eligible WD and LWD KGs. The additional subsidy for each WD place and LWD place would be set at 30% and 60% of the basic HD unit subsidy respectively. School-specific grants would be provided on top of the basic HD unit subsidy to cater for the special circumstances of the KGs or the students.
- (c) In addition to fee remission under KCFRS, a grant would be provided for KG students from needy families to cover schooling expenses.
- (d) KGs joining the subsidy scheme under the new policy would be encouraged to establish a career ladder with promotion prospect to senior teachers, vice-principal (for large KGs) and principal. They would be required to offer teaching staff salaries within the salary range recommended by EDB.
- (e) The overall teacher-pupil ratio ("TP ratio") for eligible KGs would be enhanced from 1:15 to 1:11 (principal not included). Government subsidy would be provided for KGs to enable them to employ additional teaching staff required for complying with the improved TP ratio of 1:11.
- (f) The Administration would introduce a one-off time-limited tide-over grant for eligible KGs for two years starting from the 2017-2018 school year so as to provide additional financial support for eligible KGs, which had a large number of long-serving teachers who were receiving higher salaries, in defraying their expenses on such staff in the early period of introduction of free quality KG education.
- (g) More support would be provided for KG teachers to upgrade their professional capacity. The enhancement of the

qualification requirement of KG teachers to degree level would be a long-term goal.

- (h) The Guide to the Pre-primary Curriculum would be reviewed and the existing quality assurance framework be enhanced.
- (i) The Operation Manual for Pre-primary Institutions would be reviewed with a view to enhancing the physical accommodation and facilities of new Government-owned KG premises.

10. As advised by EDB, a new Kindergarten Education Division ("KGE Division") would be set up to take charge of the formulation of strategies/measures, planning and preparation as well as the smooth implementation of the new KG education policy. In this regard, the Administration proposed to create one supernumerary post as the head of the new KGE Division at the rank of Assistant Director of Education ("ADE") (D2) for three years from 2016-2017 to lead the multi-disciplinary team for undertaking the preparation and start-up work and one permanent post of Principal Education Officer (D1) starting from 2016-2017 to assist ADE in steering the various tasks. The Administration would create 22 and a further 37 non-directorate posts in 2016-2017 and 2017-2018 respectively to support the full implementation of the new KG policy. The staffing proposal was subsequently approved by FC on 11 July 2016.

### **Deliberations on relevant issues**

11. Issues related to the KG sector and the provision of free KG education have received ongoing attention by the Panel on Education ("the Panel"). In the Fifth Legislative Council, the Panel had been briefed on the work of the KG Committee and held special meetings to receive views from over 130 deputations on the subject of free kindergarten education.

12. At the meeting held on 14 April 2014, the Panel decided to set up the Subcommittee to Study the Implementation of Free Kindergarten Education ("the Subcommittee"). From October 2014 to late January 2016, the Subcommittee held a total of 13 meetings, including two prolonged meetings to receive views from the kindergarten sector, teachers, parents and other stakeholders. It had also discussed with the KG Committee the findings and recommendations of the KG Committee's report published in

May 2015. Upon completion of its study, the Subcommittee submitted a report to the Panel putting forward over 50 recommendations.<sup>5</sup>

13. At the Policy Briefing on 15 January 2016 and meeting on 1 February 2016, the Panel was briefed on the free quality KG education policy. The Panel also received views from deputations on the review on the salary structure of KG teachers at its meeting on 2 July 2016.

#### Provision of subsidy under the new kindergarten education policy

14. Members noted that under the new KG education policy, the Government would provide a basic subsidy for HD service in local NPM KGs for all eligible children. They were concerned about the level of subsidy to be provided for KGs operating WD/LWD services.

15. In this regard, the Administration advised that in the 2017-2018 school year, it was estimated that about 70% to 80% of HD KG places would be free, i.e. a maximum of 80 000 KG students would not need to pay school fees. It was envisaged that not all KG places would be totally free when the policy was first implemented. Premised on the principle that WD/LWD services should be provided on a co-payment basis, the Government and parents would each bear part of the additional cost. As informed by EDB, the Government would provide an additional subsidy to eligible WD and LWD KGs on top of the basic subsidy for HD service. It was estimated that in the case of a LWD KG with 90 students, the subsidy would increase from about \$2 million under the current PEVS to about \$4.9 million when the new policy was implemented in the 2017-2018 school year. In response to members' concern about the provision of WD/LWD KG places to meet the needs of working parents, the Administration advised that the planning standards for provision of KG places would be reviewed and revised as necessary as a long-term goal from the present 250 WD and 730 HD places to 500 WD and 500 HD places respectively for every 1 000 children aged between three and six.

16. There was concern that the basic HD unit subsidy calculated on a per student unit cost basis under the new policy would be about \$32,900 in the 2017-2018 school year, which was less than the tuition fee threshold for HD KG classes under PEVS, i.e. \$33,770 per student per annum in the 2015-2016 school year. Small KGs with fewer students would be disadvantaged under the reduced amount of unit subsidy. In response, the Administration explained that the basic HD unit subsidy of \$32,900 in the 2017-2018 school year was based on the subsidy calculated at the 2013-

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<sup>5</sup> See LC Paper No. CB(4)532/15-16(01).

2014 price level as well as the change in price level projected for the years up to 2017-2018. When the new subsidy scheme was launched, the actual amount of subsidy for the 2017-2018 school year would be adjusted as appropriate. In addition, on top of the basic HD unit subsidy, some school-specific grants, such as rental subsidy and premises maintenance grant, would also be provided to cater for the special circumstances of KGs or students.

#### Other support for pre-school children

17. Some members expressed concern about the support, if any, provided to students with special educational needs ("SEN students") attending KGs. They considered that merely enhancing the TP ratio to 1:11 could hardly ensure that the needs of SEN students could be catered for. The Administration was urged to strengthen training for teachers to facilitate early identification of KG students with developmental problems and to formulate a policy on integrated education for the KG sector.

18. As explained by the Administration, under the new KG education policy, the overall enhancement of TP ratio for eligible KGs to 1:11 would create more space for KG teachers to collaborate among themselves to take care of the diverse needs of students. EDB would offer more structured in-service training programmes for KG teachers to enhance their capacity to cater for students' diverse learning needs and to facilitate early identification of children with special needs. In addition, the Social Welfare Department had launched a pilot scheme through the Lotteries Fund to provide on-site rehabilitation services for children with special needs at KGs.

19. Concern was raised about the policy and measures to facilitate the integration of non-Chinese speaking ("NCS") students into local KGs and their transition to primary schools. The Panel noted from the Administration that a grant comparable to the salary of one KG teacher would be provided for KGs admitting eight or more NCS students to enable KGs to enhance the support for their NCS students. School-based professional support would continue to be provided and further enhanced to help KGs build up the expertise in facilitating NCS students' learning of the Chinese language for a smooth transition to primary education.

### Remuneration and career ladder for kindergartens teachers

20. The Panel noted that KGs would be encouraged to establish a career ladder for teachers and required to pay teaching staff salaries within the recommended salary range. At the meeting held on 2 July 2016, many members shared the deputations' view that a mandatory salary scale similar to the current practice in aided schools should be put in place in order to provide a clear remuneration framework for serving and prospective KG teachers. Concern was also raised about the recognition of past service when teachers changed employment from one KG to another.

21. In this regard, the Administration advised that the salary practices under the funding mode for aided schools could not be applied to KGs in isolation as the former was subject to a basket of control measures, such as approval of operating classes and centralized allocation of school places. The approach of adopting a recommended salary range, instead of a mandatory salary scale, allowed more flexibility to cater for the diverse needs of individual KGs. In considering remuneration for individual teachers, KGs might take into account teachers' expertise in different areas, additional duties, outstanding performance, etc. Individual KGs had the discretion to pay experienced teachers higher salaries within the salary range. KGs would also be required to put in place a proper and well-defined school-based mechanism to determine remuneration packages and pay adjustment.

22. Notwithstanding the provision of the one-off time-limited tide-over grant to help KGs defray salary-related expenses, members were concerned that in the long run, the amount of Government subsidy based on the mid-point salary of KG teachers would be insufficient in meeting the high expenditure on staff salaries for KGs which had employed a large number of long-serving teachers. They were also concerned about the mechanism of making adjustments to the recommended salary ranges.

23. As explained by EDB, the prevailing mid-point salary received by KG teaching staff was around \$18,500 per month. Under the recommended salary ranges, the mid-point salary, which was around \$25,000 per month, would be used to work out the Government's financial provision to KGs. During the two-year period covered by the tide-over grant, KGs should formulate their school-specific financial and staffing policy for migration to the new policy. The Administration would devise an appropriate mechanism for adjusting the recommended salary ranges taking into consideration relevant factors such as the Consumer Price Index.



24. Some members considered that the disbursement of the tide-over grant for only the first two years upon the launch of the new policy might not be sufficient for some KGs. There was a suggestion that disbursement of the tide-over grant should continue until the retirement of these long-serving teaching staff. The Administration noted members' concerns and advised that it would closely monitor the situation when the new policy was implemented.

25. On the subsidy for staff remuneration, the Administration advised that under the new policy, KGs would be required to observe the rules and guidelines set by EDB to ensure that the government subsidy would be used appropriately. A specific portion of the subsidy would be designated as the salary portion for teaching staff and could only be used for this purpose. KGs might deploy any part of the remaining portion of government subsidy for teaching staff salaries, but not vice versa. To encourage KGs to optimize the use of the subsidy on staff remuneration, EDB would claw back excessive surplus in the salary portion.

#### Premises-related issues

26. Members noted that for eligible KGs operating in self-owned school premises or premises owned by their school sponsoring bodies with zero/nominal rent, a premises maintenance grant would be provided under the new policy to alleviate the financial burden arising from major repairs. They sought further information on the grant. In response, EDB informed members that the premises maintenance grant would be determined with reference to the depreciation expenses of school premises over the past few years. The level of grant would be set on a per student basis. KGs could use the grant for maintenance and repairs according to proper procedures.

27. At the meeting on 1 February 2016, members sought information on the estimated range of rental subsidy for eligible KGs on top of the Basic HD unit subsidy. In response, EDB advised that the estimated funding for individual measures under the new policy was not yet available as the Administration was formulating the implementation details in consultation with various stakeholders.

#### Staffing proposal to create new posts to implement the new kindergarten policy

28. At the meeting on 1 February 2016, the Panel was briefed on the proposal to create two new directorate posts in EDB for administering the new KG education policy. The Panel noted from the Administration that 22 and 37 non-directorate posts should be created in 2016-2017 and

2017-2018 respectively to support the full implementation of the new KG policy. Some of these non-directorate posts were time-limited lasting for one to three years so as to tie in with the work in the start-up years. Members expressed reservation on the staffing proposal. They considered that as there were existing staff to administer PEVS, it was hardly necessary to create new directorate posts to implement the new KG policy. They were also concerned that when the time-limited posts were about to expire, the Administration would likely convert them into permanent posts on the ground of operational needs. Notwithstanding the views of members, the staffing proposal was subsequently endorsed by the Establishment Subcommittee on 21 June 2016 and approved by FC on 11 July 2016.

### **Relevant Council question**

29. At the Council meeting of 13 July 2016, Dr Hon Fernando CHEUNG raised a written question to enquire on the provision of grants for KGs admitting NCS students under the new KG education policy.

### **Latest position**

30. The Administration will brief the Panel on the latest development in migration to free quality kindergarten education at the meeting on 14 November 2016.

### **Relevant papers**

31. A list of the relevant papers on the Legislative Council Website is in the **Appendix**.

## Relevant papers

Committee	Date of meeting	Paper
Panel on Education	19.3.2013	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Education	26.3.2013	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Education	10.6.2013 (Item IV)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Education	28.10.2013	<a href="#">Agenda</a> <a href="#">Minutes</a> <a href="#">CB(4)210/13-14(01)</a> <a href="#">CB(4)245/13-14(01)</a>
Panel on Education	27.1.2014	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Education	16.7.2014 (Item III)	<a href="#">Agenda</a> <a href="#">Minutes</a> <a href="#">CB(4)1074/13-14(01)</a>
Panel on Education	15.1.2016	<a href="#">Agenda</a> <a href="#">Minutes</a>
Subcommittee to Study the Implementation of Free Kindergarten Education	25.1.2016 <sup>#</sup>	<a href="#">Report of the Subcommittee to Study the Implementation of Free Kindergarten Education</a>
Panel on Education	1.2.2016 (Item III)	<a href="#">Agenda</a> <a href="#">Minutes</a> <a href="#">CB(4)949/15-16(01)</a>
Panel on Education	2.7.2016 (Item II)	<a href="#">Agenda</a> <a href="#">Minutes</a>

<b>Committee</b>	<b>Date of meeting</b>	<b>Paper</b>
Legislative Council	13.7.2016	<a href="#">Official Record of Proceedings Pages 138 – 140 (Question 16)</a>

# date of issue

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