



中華人民共和國香港特別行政區政府總部教育局
Education Bureau

Government Secretariat, The Government of the Hong Kong Special Administrative Region
The People's Republic of China

香港添馬添美道2號政府總部東翼5樓506室特殊教育及幼稚園教育分部
Special Education and Kindergarten Education Division, Rm. 506, 5/F, East Wing, Central Government Offices,
2 Tim Mei Avenue, Tamar, Hong Kong

本局檔號 Our Ref. : EDB(KGA)ADM/55/1/12

電話 Telephone : 3509 8520

來函檔號 Your Ref. : CB(4)/PAC/R60

傳真 Fax Line : 2119 9061

31 May 2013

Ms Mary SO
Clerk, Public Accounts Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central
HONG KONG

Dear Ms SO

Public Accounts Committee
Consideration of Chapter 3 of the Director of Audit's Report No. 60
Pre-primary Education Voucher Scheme

Thank you for your two letters of 2 May 2013 on the above subject.
Enclosed please find the supplementary information of the captioned Chapter of the
Audit Report as requested.

Yours sincerely

(Ms Hera CHUM)
for Secretary for Education

Encl.

c.c. Permanent Secretary for Financial Services and Treasury (Treasury)
(Attn : PEO(G))
Director of Audit

Public Accounts Committee
Consideration of Chapter 3 of the Director of Audit's Report No. 60 Pre-primary
Education Voucher Scheme

Supplementary Information

General

(a) Ranking of kindergarten (“KG”) education in Hong Kong published by the Economist

According to *Starting Well*, a research programme conducted by the Economist Intelligence Unit of the Economist to rank the preschool environments in 45 countries, kindergarten (KG) education in Hong Kong ranks 19th among the 45 countries and 2nd among the countries/regions in Asia. The full report can be assessed in the link below:

http://www.lienfoundation.org/pdf/news/sw_report.pdf

(b) Measures taken and will be taken by the Education Bureau (“EDB”) to enhance the choice of parents on the one hand and preserving the flexibility and adaptability of the KGs to provide diverse services responsively to meet the changing needs of the children and their parents on the other

The Pre-primary Education Voucher Scheme (PEVS) was introduced in the 2007/08 school year to alleviate the financial burden on parents and induce improvement to the quality of KG education. Since then, the PEVS has been under ongoing review for its effectiveness by the Education Bureau (EDB) with a view to rolling out timely improvement measures. The following are the major improvement measures implemented by the EDB:

- To ensure that a reasonable choice of eligible and affordable KGs for needy families is available under the PEVS, starting from the 2009/10 school year, the Government has reinstated an annual adjustment mechanism for the fee remission ceilings under the Kindergarten and Child Care Centre Fee Remission Scheme (KCFRS) on the basis of the weighted average fees of non-profit-making half-day and whole-day kindergartens (KGs) under the PEVS;
- To further tie in with the implementation of the PEVS, with effect from the 2011/12 school year, the KCFRS has been modified to provide enhanced assistance in KG education to needy families, which includes:

- Revising the calculation of fee remission under the KCFRS to provide additional financial support to needy families on top of the voucher value (i.e. the amount of voucher subsidy);
 - Removing the social needs assessment for eligibility for whole-day rate of fee remission; and
 - Adjusting annually the meal allowance ceiling for needy KG children attending whole-day PEVS KGs in accordance with the Consumer Price Index (A).
- Starting from the 2012/13 school year, the voucher subsidy has been disbursed according to the tuition fee payment schedule of KGs to reduce their difficulties in handling administrative and accounting work; and
 - Starting from the 2012/13 school year, the fee thresholds of PEVS KGs and the amount of voucher subsidy have been adjusted annually in accordance with the Composite Consumer Price Index (CCPI).

In addition to the above enhancement measures, the EDB plans to provide all PEVS KGs with a one-off grant to improve the teaching and learning environment and facilities through improvement works and procurement of learning resources with a view to enhancing teaching and learning effectiveness of KGs. Subject to the approval of the Finance Committee of the Legislative Council, the grant will be disbursed to all eligible KGs in the 2013/14 school year.

(c) Membership and terms of reference of the Committee on Free KG Education and its five sub-committees;

Membership and terms of reference of the Committee on Free KG Education and its five sub-committees are at the Appendix.

(d) Issues that would be suggested for study/review by the Committee on Free KG Education to, prior to the implementation of free KG education, enhance the Pre-primary Education Voucher Scheme (“the Voucher Scheme”) to better meet the Scheme’s policy objectives to provide affordable and quality KG education;

The EDB set up the Committee on Free KG Education (the Committee) in April 2013 to study and make specific proposals on how to practicably implement free KG education. Five sub-committees have also been formed under the Committee to study in detail specific issues relating to free KG education. For details about the scope of study under the Committee and each sub-committee, please refer to the Terms of Reference at the Appendix. The sub-committees will engage in thorough

discussions and analyses in their designated areas and report their findings to the Committee for further consideration. The Committee and sub-committees will also study the recommendations in the Audit Report for making proposals on improvement in the context of free KG education.

In view of the intricacies of the issues involved and the far-reaching implications of the new policy, our current assessment is that the Committee will take about two years to complete its tasks and make recommendations to the Government. During this period, the Committee will maintain communication with the KG sector to listen to their views, and explore short- and medium-term measures which could help KGs meet the challenges. The Government will actively consider providing support accordingly.

(e) Challenges faced by the EDB on taking forward free KG education in Hong Kong, and the measures that will be taken to overcome such challenges;

Providing practicable 15-year free education and better quality KG education is one of the priorities of the current-term Government. Given that 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. and there are diverse views among the stakeholders on further enhancement of KG education, the Administration needs to consider prudently how to practicably implement free KG education. In this connection, the EDB set up the Committee on Free KG Education, comprising representatives from the KG sector, major stakeholders and lay members, to examine the various related issues and make specific and practicable proposals to the Government. The Committee will gauge the views of stakeholders on current practices and the future policy of free KG education, identify issues for possible improvements, consider various options and make recommendations to the EDB on the way forward.

Participation of KGs in the Voucher Scheme

(f) Numbers and percentages of non-profit-making KGs which have joined and opted out of the Voucher Scheme as well as the number of children enrolled in the KGs participating in the Voucher Scheme (“Scheme KGs”), since the introduction of the Voucher Scheme in 2007-2008;

For the 2007/08 to 2012/13 school years, the respective numbers and percentages of local non-profit-making (NPM) KGs joining and withdrawn from the PEVS as well as the numbers of students under the PEVS are tabulated as follows:

School Year	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Total No. of local NPM KGs	780	788	774	769	763	757
No. and % of local NPM KGs joining the PEVS	768 (98%)	776 (98%)	762 (98%)	757 (98%)	751 (98%)	735 (97%)
No. and % of local NPM KGs withdrawn from the PEVS	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	14 (1.9%)
No. of students under the PEVS	119 700	117 900	119 100	122 900	129 100	129 400*

* Provisional figure as at mid-September 2012

Turnover rates of KG teachers

(g) Reasons for the high turnover rates of KG teachers in Scheme KGs and non-Scheme KGs, having regard to the fact that as at September 2011 the average turnover rate for KG regular teachers of individual KGs was 22% for Scheme KGs and 27% for non-Scheme KGs;

In the Audit Report, the “turnover” rate as at September 2011 refers to those regular KG teachers in the 2010/11 school year who did not serve as regular KG teachers in the same KG in the 2011/12 school year. This may be due to teacher transfer (from one KG to another KG in the 2011/12 school year); change of work nature in the same KG (e.g. transferred from being a regular KG teacher in the 2010/11 school year to a supply teacher / child-care staff in the 2011/12 school year); lapse of teaching posts in the original KG; or the teacher leaving the service. All these are due either to the decision of individual teachers or to school-based arrangements. For individual schools as quoted in the Report with relatively high staff turnover, there may be many contributing factors relating to human resources management. It should however be noted that the average turnover rate as quoted in the Report for non-PEVS KGs was higher than that for PEVS KGs, which implies that the “high” turnover has no direct relation with the PEVS, or any challenges that are unique to PEVS KGs. Notwithstanding the above, staff management is under the domain of management of organisation that we will look into when conducting Quality Review to validate PEVS KGs’ self-evaluation results. Should outflow of regular teachers in individual KGs warrant attention, the EDB will look into the matter and advise the KGs on appropriate enhancement measures with a view to ensuring the delivery of the quality education.

It is not the normal public policy to monitor/intervene into the staff turnover rate of individual entities in the aided or the private sector. The focus should be at the aggregate sector level. In this connection, the EDB will continue to monitor the demand and supply of KG teachers at the territory level to ensure an adequate provision of qualified KG teachers in the sector.

(h) Longest, shortest and median working hours of teachers working in Scheme and non-Scheme KGs in the past five years;

The EDB does not have information on the working hours of individual KG teachers, whether PEVS KGs or non-PEVS KGs, as it is subject to the employment conditions agreed between the KGs and their teachers. Generally speaking, the learning time of KG students is 3 to 3.5 hours for a half-day session (including snack time) and 7 to 7.5 hours for a whole-day session (including lunch time and afternoon nap).

(i) Highest, lowest and median monthly salaries of teachers working in Scheme and non-Scheme KGs in the past five years;

Highest, lowest and median monthly salaries of full-time regular teachers working whole-day in PEVS KGs and local non-PEVS KGs from 2007/08 to 2011/12 school years are tabulated below:

(1) PEVS KGs

School year	2007/08	2008/09	2009/10	2010/11	2011/12
Highest	above \$30,000 *	above \$30,000 *	\$38,500	\$52,800	\$55,000
Lowest	\$5,000 or below *	\$5,000 or below *	\$5,500	\$5,500	\$6,500
Median	\$13,500	\$14,500	\$14,500	\$15,500	\$16,500

(2) Local Non-PEVS KGs

School year	2007/08	2008/09	2009/10	2010/11	2011/12
Highest	above \$30,000 *	above \$30,000 *	\$63,100	\$50,900	\$48,000
Lowest	\$5,500	\$6,500	\$7,500	\$5,500	\$7,500
Median	\$17,500	\$18,500	\$18,500	\$16,500	\$17,500

* For the 2007/08 & 2008/09 school year, the exact highest salary in the range "above \$30,000" and lowest salary in the range "\$5,000 or below" were not collected, so the highest/ lowest salaries for these two school years are not available.

Professional development of KG principals and teachers

(j) *Amount of voucher attributed to teacher development in a year from 2007-2008 to 2010-2011, and the areas in which such amount were deployed by the KGs;*

The amount of voucher designated for teacher professional development (namely Teacher Development Subsidy, TDS) from 2007/08 to 2010/11 school years are tabulated below:

School Year	TDS per pupil per annum (\$)	Total amount of TDS disbursed (\$)
2007/08	3,000	331 million
2008/09	3,000	340 million
2009/10	2,000	234 million
2010/11	2,000	244 million

KGs should spend TDS on the following three areas:

- (1) Course Fee Reimbursement
- (2) Appointment of Supply Teachers
- (3) School Based Training Programmes

The unspent TDS balance is clawed back by phases by the end of the 2012/13 school year.

For non-PEVS KGs, their principals and teachers are also entitled to course fee reimbursement (CFR) for up to 50% of the fees for an approved C(ECE) course; or a degree course in ECE and a certification course for principals, capped at \$60,000.

The number of cases receiving CFR and the total amount of CFR from the 2007/08 to 2011/12 school years are tabulated below:

School Year	No. of cases receiving CFR	Total amount of CFR (\$)
2007/08	344	2,490,000
2008/09	411	3,114,000
2009/10	500	4,318,000
2010/11	496	4,741,000
2011/12	403	4,256,000

(k) *Measures that would be adopted/ways that may be explored by the EDB to provide support for the professional upgrading of KG principals and teachers, having regard to the fact that the provision of teacher development subsidy for Scheme KGs and the reimbursement of course fees for non-Scheme KGs had lapsed by the end of 2011-2012;*

We consider it worth exploring ways to support the remaining KG principals and teachers who have yet to complete their professional upgrading. Hence, the EDB will provide course fee subsidy for PEVS-KG teachers enrolling in Certificate (Early Childhood Education) (C(ECE)) course and principals studying Certification course for KG principals who are pursuing these courses in the 2012/13 school year and would complete the courses by the end of the 2013/14 school year. Details of such provision will be announced to KGs before the end of the current school year.

(l) Assessment of the impact of improvement in the professional qualifications of KG principals and teachers on the quality of Scheme KGs;

Upon the implementation of PEVS, KGs joining PEVS are required to comply with the requirement to employ 100% teachers with C(ECE), based on a teacher to student ratio of 1:15. In order to ensure the quality of KG education service, PEVS KGs are subject to a quality assurance mechanism that combines school self-evaluation (SSE) and Quality Review (QR). QR results show that the quality of PEVS KGs has been improving. From the observation of the EDB officers, the professional capacity of KG teachers who have acquired the C(ECE) qualification have also been enhanced in various aspects such as the planning of curriculum, the ability of self-evaluation and assessment on students' progress, etc.

(m) Progress in professional training of the 13 principals and the 1203 teachers serving in Scheme KGs who had yet to complete their professional upgrading as at September 2012 (start of school year 2012-2013) referred to in paragraph 3.8 of the Audit Report, including the number of these principals and teachers who have yet to or will not undergo professional upgrading;

It should be pointed out that while all new KG principals are required to possess a degree in ECE and complete the Certification course for KG principals, this is not a hard target for the serving principals. That notwithstanding, we have been encouraging serving KG principals to attain the qualifications for professional upgrading. Among the 13 principals who had yet to complete their professional upgrading, 6 have already been enrolled / plan to enrol in the Certification course for KG principals. We have issued advisory letters to the remaining 7 principals to encourage them to acquire the qualification as soon as practicable.

For the 1 203 teachers in PEVS KGs, we have no information on the number who have enrolled in the C(ECE) course or equivalent. Yet, we will ensure there is adequate teachers possessing/pursuing C(ECE) in PEVS KGs based on 1:15 teacher to student ratio. As a matter of fact, the EDB will not give approval for KGs to stay

in or join PEVS if they have not met the aforementioned requirement.

(n) Numbers and percentages of KG teachers under the Voucher Scheme who have obtained/are pursuing the Certificate in ECE (“C(ECE)”);

In the 2012/13 school year, of the 8 517 teachers in PEVS KGs, 7 314 (86%) have obtained the C(ECE). From the information provided by tertiary institutes offering ECE courses, 1 384 teachers in local KGs are pursuing C(ECE) in the 2012/13 school year, but we do not have further information on how many of these teachers are serving in PEVS KGs.

(o) Numbers of graduates who are expected to obtain a degree in ECE and the C(ECE) in Hong Kong respectively in the coming two years;

Based on the information provided by tertiary institutes offering ECE courses, the respective numbers of graduates who are expected to obtain a degree in ECE or C(ECE) in Hong Kong in the coming two years are as follows:

Graduates from in-service ECE courses

School year	2012/13	2013/14
BEd(ECE) or equivalent*	831	819
C(ECE)	577	476

Graduates from pre-service ECE courses

School year	2012/13	2013/14
BEd(ECE) or equivalent*	144	133
C(ECE)	727	1 184

*Including PGDE(ECE)

Quality assurance mechanism

(p) Apart from the recommendations of the consultant’s review report on the effectiveness of the QR mechanism on pre-primary education which have been implemented to improve the QR of the Scheme KGs as set out in paragraph 4.15 of the Audit Report, the other recommendations of the consultant’s review report;

Apart from the improvement measures implemented in the second cycle of Quality Review (QR) starting from the 2012/13 school year, the EDB will continuously review the QR mechanism with reference to the following recommendations of the consultant’s review report:

- (1) Enhance professional support for KGs to strengthen their capability in conducting school self-evaluation (SSE).
- (2) Promote the professional standard of the quality review by enhancing the continuous professional development of the reviewers;
- (3) Further promote and provide training to parents to enhance their understanding on quality KG education and purpose of QR.

(q) Rationale on the formulation of the 32 performance indicators for pre-primary education, and the guidelines to assist Scheme KGs to conduct the required self-evaluations based on these performance indicators;

The Performance Indicators (PIs), which tie in with the aims of KG education, serves as reference for school self-evaluation and QR. The 24 PIs under Domains I to III (I-Management & Organisation, II-Learning & Teaching, III-Support to children & School Culture) are collectively known as Process Indicators, reflecting school's capacity in providing a desirable learning environment conducive to the development of quality education. The remaining 8 PIs in Domain IV (Children Development) are the Outcome Indicators, covering the progress of children in different aspects. The four Domains are inter-related and closely related to the operation of individual kindergartens when assessing its performance.

Schools are recommended to use the 32 PIs to conduct a holistic review on their current state of performance flexibly. The PIs are interconnected and no single PI should be used in isolation in judging the performance of a KG. Such an elaborated set of PIs is required particularly at the initial stage of implementing the Quality Assurance mechanism and developing a self-evaluation practice in KGs. KGs can make reference to the appropriate PIs to conduct SSE in a more comprehensive manner.

The EDB has conducted workshops for all PEVS KGs for enhancing SSE skills including the use of PIs. In addition, the School Self-Evaluation Manual, with detailed information about the use of PIs, has been uploaded onto the EDB website for schools' reference. As explained in (p) above, the EDB will continue to strengthen support for KGs in the use of the PIs to conduct SSE. In this connection, we will conduct training workshops and sharing sessions, as well as provide school-based support for KGs.

Financial operations of Scheme KGs

(r) Basis for (i) setting the provision of fee subsidy under the Voucher Scheme at \$10,000 in 2007-2008 and for (ii) building in roughly a 10% increase between 2007-2008 and 2011-2012 to compensate for inflation, teachers' salary increment and qualification development;

- (1) It was not the policy intent of the PEVS to provide free education at the time when PEVS was introduced and hence the voucher was not meant to cover the full tuition fee charged by KGs in the 2007/08 school year. Families with financial difficulties may apply for fee remission through the means-tested KCFRS for additional financial support. To alleviate the financial burden on parents, the amount of fee subsidy under the PEVS was set with reference to the weighted average school fees (WAF). In the 2007/08 school year, the WAF for half-day classes was \$17,200 per student per annum (pspa), of which the amount of fee subsidy under the PEVS is around 60%.
- (2) Substantial upgrading of professional qualification of principals and teachers of PEVS KG were expected to be completed by the 2011/12 school year. As such, the degree of progressive increase of the subsidy in the 4-year leading period had taken into consideration of teachers' salary increase as a result of their qualification upgrading.

(s) Reasons for changing the basis to adjust the annual provision of fee subsidy under the Voucher Scheme with reference from inflation, teachers' salary increment and qualification development from 2007-2008 to 2011-2012 to adjust the same (i.e. voucher value) annually according to the year-on-year rate of change in the Composite Consumer Price Index from 2012-2013;

The Working Group on Review of the PEVS (WG) in 2010 considered that non means-tested PEVS subsidy, complemented by the fee remission scheme, had already taken into consideration wide eligibility for receiving subsidy for KG education on the one hand and focused support for low-income families on the other. To achieve the intended target of providing support to parents to reduce their financial pressure, the voucher value should be subject to an annual review with reference to inflation with effect from the 2012/13 school year. Along the WG's recommendation, EDB proposed to adjust the voucher value annually with reference to the Composite Consumer Price Index (CCPI) starting from the 2012/13 school year, which was subsequently endorsed by the Finance Committee of the Legislative Council.

(t) *Formula for calculating the weighted average school fees in Scheme KGs; and the mechanism, if any, for adjust the weighted average school fees in Scheme KGs;*

In the calculation of the WAF, only the local stream of KGs under PEVS are included. The WAF is calculated by (i) multiplying the approved annual school fees of the classes in each KG by the respective enrolment of those classes and then summing them up to get the sub-total school fees at the school level; (ii) The sub-total school fees (at the school level) are then summed up to become the total school fee at the territory level; and (iii) WAF is derived by dividing the total school fee (at the territory level) by the total enrolment (at the territory level).

(u) *Information to substantiate that the financial situation of Scheme KGs has improved over the years;*

The financial situation of PEVS KGs has improved over the years as reflected in the declining number of Scheme KGs incurring net deficits in 2009/10 and 2010/11 school years. It is also worth noting that during the same period, the Government expenditure on PEVS has also increased. Details are as follows: –

	School year / Financial year			
	2007/08	2008/09	2009/10	2010/11
Number of PEVS KGs with net deficits for the school year and as a % of the total PEVS KGs	387 (47%)	430 (53%)	357 (45%)	279 (37%)
Government expenditure on PEVS in respective financial year (\$ million)	914.1	1,523.9	1,628.9	1,854.3

(v) *Actions that would be taken by the EDB to make clear to the Scheme KGs on how incomes from trading operations should be properly reflected in their audited accounts, and the timeframe for doing so;*

The EDB will revise the guidelines on how incomes from trading operations should be reflected. Specifically, we will

- (1) define clearly what constitute "trading activities";
- (2) give examples of items that should be reported as "other operating income" in the audited accounts, so that KGs would properly classify their incomes from various miscellaneous fees and report them properly in their audited accounts as required;
- (3) remind KGs to observe the list of components of school fees and not to collect other charges on these components; and

- (4) request KGs and their auditors to provide explanatory notes and details of the trading income in the audited accounts where necessary.

KGs will be reminded to follow the revised guidelines in the annual circular memorandum on submission of audited accounts, which will be issued in November each year.

Briefing sessions on financial management and fee revision of KGs will be conducted in November 2013 and February 2014 respectively, during which the revised guidelines on trading income will also be introduced.

- (w) *Adequacy of the existing school fee ceilings, having regard to the fact that some 280 Scheme KGs incurred net deficits in 2010-2011 as referred to in paragraph 5.12 of the Audit Report;*

Of those KGs joining the PEVS with net deficits in the 2010/11 school year, only 17 KGs (6%) collected school fees at the fee thresholds for half-day and/or whole-day classes in the same school year. For the other KGs, they are charging school fees below the fee thresholds. They may consider applying for an increase in school fees based on their own operating needs. In view of the above, no correlation could be drawn between the fee thresholds and PEVS KGs with net deficits in the 2010/11 school year.

In addition, with effect from the 2012/13 school year, the fee thresholds under the PEVS would be adjusted annually according to the year-on-year rate of change in the Composite Consumer Price Index (CCPI), hence allowing all KGs, including those at fee thresholds, to revise the fee levels appropriately.

- (x) *Numbers and percentages of Scheme KGs providing both half-day (“HD”) and whole-day (“WD”) classes, only HD classes and only WD classes respectively, and the numbers of these Scheme KGs which incurred deficits, surplus and had a breakeven result respectively in 2010-2011 on the sole basis of the school fees charged;*

It would not fairly present the operating situation of the PEVS KGs if we were to assess the operating results of the PEVS KGs on the sole basis of the school fees charged without taking into account the fact that –

- (1) the operating expenditures as shown in the audited accounts of PEVS KGs are the actual expenditures of the KGs as certified by their auditors. However, the

expenditures of some PEVS KGs may not be fully recognised as allowable expenditures by the EDB when assessing the fee increase application of these KGs. For example, rental value that is higher than the rental assessment of the Rating and Valuation Department, donations, and management fees that are not justified will be excluded in fee revision assessment; and

- (2) the operations of PEVS KGs are financed by various types of income. Apart from school fees and miscellaneous fees collected from students, PEVS KGs will receive such income as interest income, donations, subsidies from their sponsoring bodies, etc. These incomes are used to finance the operation of the PEVS KGs and help reduce the pressure for fee increase.

PEVS KGs are privately run. While their annual audited accounts are prepared in accordance with the generally accepted accounting principles, the presentation of the audited accounts of PEVS KGs may vary. Some PEVS KGs do not provide full details of their incomes and expenditures in their 2010/11 audited accounts. And thus, we do not have the required information to comprehensively analyse the operating situation of PEVS KGs taking into account the factors set out in the above paragraph.

That said, we provide below the distribution of PEVS KGs which had incurred a deficit, had earned a surplus or had a breakeven result on an overall basis for the 2010/11 school year -

2010/11 school year	PEVS KGs							
	Providing WD classes only		Providing HD classes only		Providing both HD and WD classes		Total	
	No.	%	No.	%	No.	%	No.	%
Net Surplus	139	63%	87	60%	214	55%	440	59%
Breakeven (Net surplus below 1% of total school income)	14	6%	7	5%	13	3%	34	4%
Net Deficit	67	31%	50	35%	162	42%	279	37%
Total	220	100%	144	100%	389	100%	753	100%
	(29%)		(19%)		(52%)		(100%)	

Regulatory measures

(y) Reasons for the failure of the EDB to review Scheme KG's audited accounts in a timely manner and the measures that have been/would be put in place to address the problem;

Owing to the late submission of the audited accounts by the PEVS KGs, coupled with the need to conduct the more time-critical annual school fee revision exercise which had to be completed in August each year, the EDB had to review the audited accounts by stages. An interim review of the audited accounts was usually conducted between March and August each year. Should there be any non-compliance practices or qualified audit opinions made by the KG auditors during the interim review, the EDB will follow up with the concerned KGs immediately. The whole review exercise was usually completed in April of the following year. Nonetheless, the EDB had made vigorous efforts to speed up the review of the 2010/11 audited accounts of PEVS KGs, which was completed by November 2012, five months earlier than the previous exercises.

The timely submission of audited accounts by PEVS KGs will enable the EDB to better schedule the review work. With the close follow-up by the EDB, the proportion of PEVS KGs not submitting their audited accounts by the deadline had declined significantly from 64% for the 2007/08 school year to 34% for the 2011/12 school year, and those that were exceptionally late in submitting their audited accounts 3 months after the deadline had also declined significantly from 20% for the 2007/08 school year to 2% for the 2011/12 school year. To step up the monitoring, in addition to the issue of annual circular to the PEVS KGs calling for submission of audited accounts, we will issue reminder to the KGs urging the prompt submission of their audited accounts one month before the deadline starting from next year.

To expedite the completion of the annual review of audited accounts, we will further synchronize the processes involved in the examination of PEVS KG's fee revision applications and the review of their annual audited accounts.

Reimbursement of rentals, rates and government rents to KGs

(z) Reasons why the KG rent reimbursement policy is not consistently applied to all Scheme KGs, and whether consideration would be given to expanding the application of the policy to more Scheme KGs; and

The rent reimbursement scheme, which has been in place since 1982 (i.e. long before the introduction of PEVS in the 2007/08 school year) is open to all non-profit-making (NPM) KGs. When the latter was introduced, there was no policy intention to alter fundamentally the rent reimbursement scheme. In other words, all NPM KGs, regardless of whether they have joined PEVS or not, are eligible to apply. Applications will be considered on its own merit based on the following set of criteria:

- (1) the operating standard of the KG;
- (2) the curriculum standard of the KG;
- (3) compliance with the Education Ordinance and Education Regulations, various fire services/building requirements, administrative directives; and
- (4) other factors (including the proven demand of kindergarten places in the district, enrolment capacity, school fee level and rental cost, etc.).

The EDB would review the KG rental reimbursement scheme alongside the study of the free KG education.

(aa) Reasons why rent reimbursement is still provided to those KGs whereby the problem of shortage of KG places in the districts in which these KGs located no longer exists.

For KGs already in receipt of rent reimbursement, the EDB will review their eligibility every two years based on the same set of criteria mentioned under (z) above, except the district demand. While we continue to provide rent reimbursement for the eligible KGs even when there is no longer a shortage of KG places in the district to maintain stability in the operation of the KGs and to avoid creating excessive pressure for fee increase that will have bearing on the parents, we will adjust the rent to be reimbursed to individual KGs having regard to their fill-up rates¹. A KG having a fill-up rate of 50% or above will be granted full rent reimbursement while a KG having a fill-up rate below 50% will receive only 50% reimbursement of the rent.

¹The fill-up rate = [Total number of students in the KG / Total permitted accommodation of the KG]

Information on the regulation of private independent kindergartens by the EDB

As private independent KGs do not receive any government funds, they are not subject to the same regulatory control as that for PEVS KGs. Yet, all KGs are registered with the EDB under the Education Ordinance (Cap. 279). The operation of registered KGs, including school premises, fees collection, teacher qualifications, teacher to student ratio and curriculum, etc., should be in compliance with the provision in the Education Ordinance and instructions issued by EDB from time to time. EDB officers may also inspect any school for the purposes of ascertaining whether the Education Ordinance is being complied with and whether the school is being conducted satisfactorily.

With regard to the collection of fees, we have a more elaborative control mechanism for all KGs, including PI KGs, as follows:

- (1) KGs are only allowed to charge school fees in accordance with the fees certificate issued by the EDB. KGs are required to submit application to the EDB should they want to make any revisions in school fees. In considering fee revision application from KGs, we would only accept those expenditures directly related to teaching and learning, school operation and maintenance of education services to safeguard the interest of KG students and their parents. We would also take into account the overall financial and operational situation of schools when determining the approved fees level to ensure the reasonableness of the revision.
- (2) KGs are required to seek prior approval from the EDB for collection and revision of lunch charges, if any.
- (3) For the collection of application fee and registration fee, the EDB has stipulated the approved ceiling for all KGs. Currently, the approved ceiling of application fee is \$30 and collection of registration fee should not exceed \$660 for a half-day place (\$1,150 for a whole-day place), or half of the monthly school fee, whichever is the lower. The registration fee paid by children who subsequently take up the KG places will be credited as payment of their school fees.
- (4) As regards the sale of school items such as school uniform and textbook, and provision of paid services, KGs are required to comply with the rules and regulations set out by the EDB. Specifically, KGs are not allowed to generate any profit from the sale of textbooks, and the profit in the sale of other school items and provision of paid services, which should be on a voluntary basis, is limited to a maximum of 15% of the cost.

- (5) KGs are advised to disclose relevant information with regard to the types and amounts of miscellaneous charges collected to parents through various effective means (e.g. leaflets) to enhance transparency.

On top of the above, EDB inspectors conduct Focus Inspection (FI) to monitor performance in the learning and teaching of the private independent kindergartens. During the school inspection, inspectors will conduct lesson observations and have professional dialogue with school personnel. Timely oral feedback will be given to the school. Starting from the 2010/11 school year, a brief inspection remark will also be issued to the school after the FI for self-improvement.

**Membership and Terms of Reference of the
Committee on Free KG Education and its five sub-committees**

Committee on Free KG Education

Membership

Chairman:	Dr Moses Cheng Mo-chi		
Members:	Ms Liu Fung-heung	(Kindergarten Principal)	
	Ms Ho Lan-sang	(Kindergarten Principal)	
	Dr Maggie Koong May-kay	(Kindergarten Principal)	
	Ms Shek Lai-yee	(Kindergarten Teacher)	
	Dr Sanly Kam Shau-wan	(School Sponsoring Body)	
	Ms Lam Lai-ping	(School Sponsoring Body)	
	Ms Ng Yin-kam	(School Sponsoring Body)	
	Mr Sin Kim-wai	(Primary School Principal)	
	Prof Nirmala Rao	(Teacher Education Institution)	
	Dr Gordon Tsui Luen-on	(Parent)	
	Mr Wong Chun-kit	(Parent)	
	Ms Chiu Nga-sze	(Parent)	
	Mr Walter Chan Kar-lok	(Education Member)	Commission
	Mr Tim Lui Tim-leung	(Education Member)	Commission
	Ms Dilys Chau Suet-fung	(Education Member)	Commission
	Ms Chitty Cheung Fung-ting	(Lay Member)	
	Ms Susanna Hui	(Lay Member)	
	Mr Addy Wong Wai-hung	(Lay Member)	
	EDB Representative		

Terms of Reference

The Committee will make concrete recommendations to the Education Bureau on the practicable implementation of free KG education in the context of 15-year free education. Specifically it will

- gauge the views of stakeholders on current practices and the future policy of free kindergarten education;

- identify, examine and assess, with reference to the Pre-primary Education Voucher Scheme, options of free kindergarten education, issues for possible improvements to kindergarten education and any related measures;
- advise on the setting up of and provide steer for the sub-committees to study certain specific issues in detail; and
- consider options, implications and implementation strategies developed by the sub-committees and conduct consultation with major stakeholders.

(i) Sub-committee on Objectives, Teacher Professionalism and Research

Membership

Convenor :	Dr Maggie Koong May-kay	(Kindergarten Principal)
Members :	Ms Rosa Chow Wai-chun	(Kindergarten Principal)
	Mrs Mak Tse How-ling	(Kindergarten Principal)
	Ms Man Fung-ming	(Kindergarten Teacher)
	Mrs Sophia Chan Tsang Kin-lok	(School Sponsoring Body)
	Ms Gloria Leung Chi-kin	(School Sponsoring Body)
	Mr Tai Hay-lap	(Secondary School Principal)
	Mr Ho Hon-kuen	(Secondary School Assistant Principal)
	Prof Hau Kit-tai	(Teacher Education Institution)
	Prof Nirmala Rao	(Teacher Education Institution)
	Dr Gail Yuen Wai-kwan	(Teacher Education Institution)
	Ms Chiu Nga-sze	(Parent)
	Mr Wilfred Wong Kam-pui	(Lay Member)
	Mr Yeung Sai-man	(Lay Member)
	EDB Representative	

Terms of Reference

- To review the objectives of KG education, and to study issues related to the KG curriculum and the interface between KG and primary education;
- To study the issues, options and constraints in detail regarding the professional development and training of KG teachers;
- To study the strategies for promoting research on KG education and related issues; and
- To make recommendations to the Committee on Free Kindergarten Education on feasible options to address the issues.

(ii) Sub-committee on Operation and Governance

Membership

Convenor :	Mr Walter Chan Kar-lok	(Education Commission Member)
Members :	Ms Ho Lan-sang	(Kindergarten Principal)
	Ms Mary Tong Siu-fun	(Kindergarten Principal)
	Ms Shek Lai-yee	(Kindergarten Teacher)
	Revd Peter Douglas Koon	(School Sponsoring Body)
	Ms Lam Lai-ping	(School Sponsoring Body)
	Mr Sin Kim-wai	(Primary School Principal)
	Dr Hazel Lam Mei-yung	(Teacher Education Institution)
	Mrs Lo Lee Tsui-mui	(Parent)
	Mr William Chan Fu-keung	(Lay Member)
	Ms Susanna Hui	(Lay Member)
	Mr Addy Wong Wai-hung	(Lay Member)
Dr Kelvin Wong	(Lay Member)	
	EDB Representative	
Co-opted Member:	Mrs Lorraine Pak Tang Siu-fan	(Teacher Education Institution)

Terms of Reference

- To study the issues, options and constraints in detail regarding the operation of KGs as well as governance and accountability framework for KGs; and
- To make recommendations to the Committee on Free Kindergarten Education on feasible options to address the issues.

(iii) Sub-committee on Funding Modes

Membership

Convenor :	Mr Tim Lui Tim-leung	(Education Commission Member)
Members :	Ms Nancy Lam Chui-ling	(Kindergarten Principal)
	Ms Liu Fung-heung	(Kindergarten Principal)
	Ms Chan Shuk-mui	(Kindergarten Teacher)
	Ms Amy Leung Lai-ching	(Kindergarten Supervisor)
	Mr James Chan	(School Sponsoring Body)
	Dr Sanly Kam Shau-wan	(School Sponsoring Body)
	Mr Cheung Yung-pong	(Primary School Principal)
	Mrs Sylvia Cheung	(Teacher Education Institution)
	Dr Li Hui	(Teacher Education Institution)
	Mr Ho Chu-ping	(Parent)
	Mr Wong Chun-kit	(Parent)
	Ms Dilys Chau Suet-fung	(Lay Member)
	Mr Lai Kam-tong	(Lay Member)
	Mr Stanley Lau	(Lay Member)

Mr Jimmy Ng Wing-ka (Lay Member)
EDB Representative

Terms of Reference

- To study the issues, options and constraints in detail regarding different feasible funding modes for KGs; and
- To make recommendations to the Committee on Free Kindergarten Education on feasible options to address the issues.

(iv) Sub-committee on Catering for Student Diversity

Membership

Convenor :	Dr Gordon Tsui Luen-on	(Parent)
Members :	Ms Chan Ka-mun	(Kindergarten Principal)
	Ms Wong Sau-han	(Kindergarten Principal)
	Ms Yip Siu-fun	(Kindergarten Principal)
	Ms Leung Oi-sim	(Kindergarten Teacher)
	Dr Jane C.Y. Lee	(School Sponsoring Body)
	Mrs Judy Mui	(School Sponsoring Body)
	Ms Nancy Tsang	(School Sponsoring Body)
	Prof Cheng Zi-juan	(Teacher Education Institution)
	Mr Cheng Chi-cheung	(Parent)
	Dr Ronnie Hui Ka-wah	(Lay Member)
	Mr Kwok Lit-tung	(Lay Member)
	Mr Dipo C. Sani	(Lay Member)
	Dr Shirley Leung	(Department of Health Representative)
	Mrs Anna Mak	(Social Welfare Department Representative)
	EDB Representative	

Terms of Reference

- To study the issues on additional support for specific groups of KG students, such as non-Chinese-speaking children, children with special educational needs and children from needy families; and
- To make recommendations to the Committee on Free Kindergarten Education on feasible options to address the issues.

(v) Sub-committee on Communication Strategy

Membership

Convenor :	Ms Chitty Cheung Fung-ting	(Lay Member)
Members :	Ms Chu Nga-lai	(Kindergarten Principal)
	Ms Kwan Bick-kuen	(Kindergarten Principal)
	Ms Eppie Chan Mei-ho	(Kindergarten Teacher)

Mr Lee Siu-hok	(School Sponsoring Body)
Ms Ng Yin-kam	(School Sponsoring Body)
Mr Kenneth Wu	(School Sponsoring Body)
Mr Leung Siu-tong	(Primary School Principal)
Ms Amelia N.Y. Lee	(Teacher Education Institution)
Mr Jao Ming	(Parent)
Mr Henry Tong Sau-chai	(Parent)
Mrs Miranda Leung Chan Che-ming	(Lay Member)
Mr Tai Keen-man	(Lay Member)
Ms Amy Blanche Tang Oi-lam	(Lay Member)
EDB Representative	

Terms of Reference

- To study the strategies for promoting KG education-related policies, including dissemination of relevant information, communication, lobbying, consultation and publicity strategies;
- To study the strategies for promoting parent education; and
- To make recommendations to the Committee on Free Kindergarten Education on feasible options to address the issues.