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

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5 January 2017

Ms Ada LAU  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong

Dear Ms LAU,

**Finance Committee**  
**Follow-up to Meeting on 16 December 2016**

I refer to your email dated 19 December 2016. Regarding the questions raised by Hon Nathan LAW Kwun-chung on Item FCR(2016-17)77, our reply is set out at Appendix.

Yours sincerely,

(Ms CHAN SIU Suk-fan)  
for Secretary for Education

Encl.

**Finance Committee****Follow-up to Meeting on 16 December 2016****Item FCR(2016-17)77**

Regarding the questions raised by Hon Nathan LAW Kwun-chung at the above meeting about the percentage of expenditures for alleviating parents' school fee burden and the percentage of expenditures for enhancing the quality of kindergartens (KGs) to meet the standards set by the Education Bureau (EDB) against the estimated additional expenditures for pre-primary education in the 2017/18 school year, our consolidated reply is as follows:

2. The Government will implement the free quality KG education policy (new policy) starting from the 2017/18 school year. The policy objectives are to provide good quality and highly affordable KG education, and enhance the accessibility of students to different modes of KG education that suit their specific needs. Under the new policy, the annual recurrent expenditures on pre-primary education will increase from the current level of about \$4 billion to the estimated level of about \$6.7 billion in the 2017/18 school year. With the implementation of the new policy, we will enhance the quality of KG education in various aspects. For instance, the requirement in teacher-pupil (TP) ratio will be raised from the current 1:15 (including the principal) to 1:11 (excluding the principal), so as to allow teachers more capacity to cater for the diverse needs of students; engage in school-based curriculum development, lesson preparation, professional development, communication with parents, etc. We also encourage KGs to establish a career ladder and provide competitive remuneration to retain and attract quality teachers. In this connection, we provide a salary range for each position for KGs to determine the remuneration of their staff within the range. Details of the measures on enhancing KG education under the new policy are set out in LC Paper No. CB(4)542/15-16(01).

3. All along, KGs are privately run. As such, to enhance the quality of education services (for instance, improving the TP ratio, providing competitive remuneration to retain quality teaching staff, improving school facilities, etc.), operators have to raise school fees to cover the expenditures incurred. Under the existing Pre-primary Education Voucher Scheme (PEVS), the Government provides subsidies for parents in the form of vouchers to lessen their financial burden of school fees. Under the new policy, starting from the 2017/18 school year, the Government will provide direct subsidies to KGs to meet their original operating costs and the additional expenditures for quality enhancement. This will enable KGs to improve the quality of their education services while providing school places for children. In principle, half-day (HD) KGs could be free-of-charge, and school fees for whole-day (WD) KGs could be kept at a low level because of the substantial increase in Government subsidy. In other words, the additional recurrent expenditures of \$2.7 billion on pre-primary education aim to totally or partially relieve parents from school fee under the premise of enhancing the quality of KG education. Without the additional subsidy, parents would have to fully bear the additional costs incurred by enhancement of KG education. The new policy seeks to raise the

quality of KG education, while the additional funding aims to alleviate the financial burden on parents. Hence, we are unable to simply apportion the ratio between the expenditures for reducing the school fee for parents and the expenditures for enhancing KGs' education services.

4. Notwithstanding this, the following information may serve as reference:

- (i) The subsidies to be disbursed to KGs will substantially increase, regardless of their scale and mode of operation (HD, WD or long whole-day (LWD)). KGs may deploy the resources to enhance quality of their services. Taking a KG with 90 students as an example, its full-year subsidy under PEVS is about \$2 million regardless of whether it offers HD, WD or LWD services. Under the new policy, the amount of its subsidy will increase to about \$2.9 million, \$4 million and \$4.9 million for HD, WD and LWD services respectively, representing a respective increase of about 45%, 100% and 140%..
- (ii) With a substantial increase in Government subsidy, parents not only need not bear the costs involved in enhancing the quality of education services to the standards set by the Government (for instance, in improving the TP ratio to 1:11), but could also benefit from free quality HD KG education. Even individual KGs and WD KGs will collect school fees, the amount will be kept at a low level. According to the information submitted by KGs, more than 80% of the HD KGs are able to provide free HD services in the 2017/18 school year. As for those operating WD sessions, on a co-payment basis between the Government and parents, the school fees will be kept at a low level. About 50% of the WD KGs initially estimate to charge a monthly school fee of \$1,000 or below, representing a significant increase from about 5% in the 2016/17 school year. A list showing about 740 KGs approved to join the new scheme (Scheme-KGs), together with their initial rough estimate of school fees, has been uploaded to the EDB website.
- (iii) For Scheme-KGs, the major component of the subsidy is the basic unit subsidy (including subsidy for HD, WD and LWD services) calculated on a per student basis. Compared with the annual subsidy of \$23,230 per student under the PEVS in the 2016/17 school year, the subsidy for the 2017/18 school year will substantially increase. The basic unit subsidy for HD, WD and LWD services will be \$33,190, \$43,150 and \$53,100 per student per annum respectively.
- (iv) As regard the additional subsidy to cater for the special circumstances of individual KGs, premises-related subsidy is a major component. Taking the rental subsidy as an example, KGs operating in premises in public housing estates may be eligible for full rental subsidy, while the rental subsidy for KGs operating in rented premises in private or commercial buildings is capped at 15% of the basic HD unit subsidy for all of their eligible students, or 50% of open market rent as assessed by the Rating and Valuation Department, whichever is lower. Furthermore, Scheme-KGs operating in self-owned school premises or premises

owned by their school sponsoring bodies/operators and paying no rent or nominal rent are eligible for the premises maintenance grant to alleviate their financial burden arising from repairs and maintenance of the school premises. Both rental subsidy and premises maintenance grant help KGs reduce the pressure for collection of school fees.

5. To sum up, under the new policy there will be substantial increase in the Government expenditure for pre-primary education, which will help enhance the quality of KG education while alleviating parents' burden of paying school fees.