



<b>Title</b>	<b>Pre-primary education in Hong Kong : the evolution of governance and policy tools</b>
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<b>Citation</b>	<b>Chan, P. F., Cheung, P. C., Lau, P. E., Leung, W. C., Tang, B. P.. (2016). Pre-primary education in Hong Kong : the evolution of governance and policy tools. (Thesis). University of Hong Kong, Pokfulam, Hong Kong SAR.</b>
<b>Issued Date</b>	<b>2016</b>
<b>URL</b>	<b><a href="http://hdl.handle.net/10722/246706">http://hdl.handle.net/10722/246706</a></b>
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**Pre-primary Education in Hong Kong:  
The Evolution of Governance and Policy Tools**

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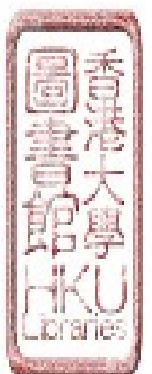
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**Capstone Project Report submitted in partial fulfillment  
of the requirements of the  
Master of Public Administration**

**Department of Politics and Public Administration  
The University of Hong Kong**

**2016**



## Declaration

We declare that this Capstone Project Report, entitled “Pre-primary Education in Hong Kong: The Evolution of Governance and Policy Tools”, represents our own work, except where due acknowledgement is made, and that it has not been previously included in a thesis, dissertation or report submitted to this University or any other institution for a degree, diploma or other qualification.

[Signatures]

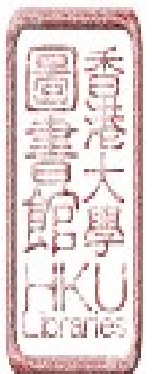
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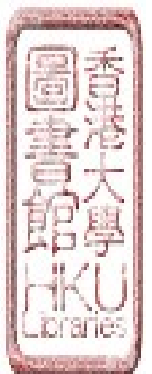
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## Acknowledgements

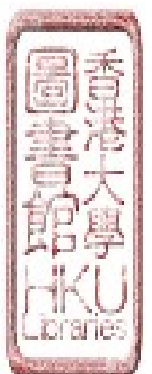
We would like to sincerely express our heartfelt gratitude to our project supervisor, Professor Ian Thynne, who has been spending a lot of time in providing much advice, support and valuable guidance to this group during the research on this capstone project in the past year. He has enlightened us to develop an integrated analytical framework to structuring, guiding and informing our research and writing up of this capstone project. His encouragements and insightful directions help us to go over various hurdles and difficulties during the project period.

We would also like to thank for the teaching and support over the past two years from our lecturers and other supporting staff of the Department of Politics and Public Administration. Finally, we are grateful for the support from our classmates, families, friends and colleagues during the study period.



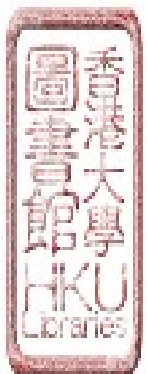
## Abstract

Although compulsory education in Hong Kong does not cover pre-primary education which is for children aged 3 to 6, basically all children in this age group are attending class in kindergartens. Early forms of pre-primary education services in Hong Kong appeared at the first stage since the 1930s and the Hong Kong Government relied on the market and played a less dominant role at that time. The first official policy document on pre-primary services was issued in 1981. Since then, there have been more and more government interventions in the pre-primary education sector and the introduction of Pre-primary Education Voucher Scheme in 2006 was a breakthrough. The Government's interventions and financial investment in the sector will be further increased upon the implementation of the recently announced free quality kindergarten education policy in 2017. The project studies the evolution of governance approaches and policy tools in addressing the needs of pre-primary education in Hong Kong using an analytical framework which integrates concepts of nature of goods and services, governance approaches, policy tools and policy dynamics. Through studying the evolution of the Government's response over time, the project aims to provide insights on how the responses to the needs of pre-primary education might be transformed in the light of developments over time.

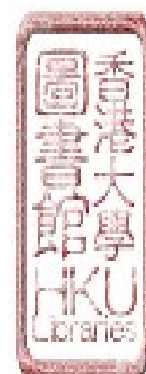


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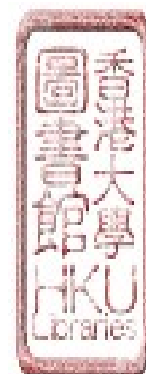


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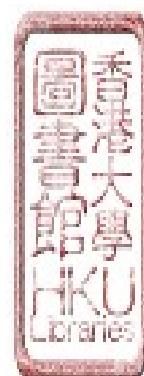
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## Abbreviations

C(ECE)	Certificate in Early Childhood Education
CE	Chief Executive
ECE	Early childhood education
GER	Gross enrolment ratio
HD	Half-day
HKCEE	Hong Kong Certificate of Education Examination
HKSAR	Hong Kong Special Administrative Region
KG	Kindergarten
LWD	Long-whole-day
NCS	Non-Chinese speaking
NPM	Non-profit-making
PRC	People's Republic of China
pspa	Per student per annum
PEVS	Pre-primary Education Voucher Scheme
PI	Private independent
QAKT	Qualified assistant kindergarten teachers
QKT	Qualified kindergarten teachers
QR	Quality review
WD	Whole-day



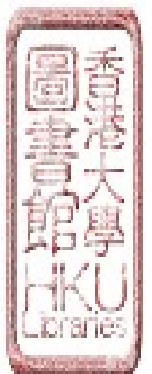
# Chapter 1

## Introduction

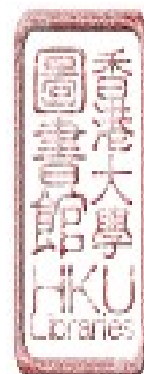
### Focus, objectives and overview of significant developments

Although compulsory education in Hong Kong does not cover pre-primary education which is for children aged 3 to 6, basically all children in this age group are attending class in kindergartens (KGs). Parents attach great importance to pre-primary education especially in recent years where there is a general consensus that it enables small children to “win from the start”. This means, the foundation laid down by pre-primary education is critical to future intellectual development and even success in their lives. Prestigious KGs are chased by anxious parents. Premised on such “moral obligation” of the parents, under the pressure from different parties that the Hong Kong Government should enhance control on the quality of teaching provided by KGs which are privately run as well as responding to the calls for wider coverage of subsidies, the Government has been adopting strategies in revolutionizing the pre-primary education.

Early forms of pre-primary education services in Hong Kong appeared at the first stage since the 1930s and the Government relied on the market and played a less dominant role at that time. The first official policy document on pre-primary services was issued in 1981. Since then, there have been more and more government interventions in the pre-primary education sector and the introduction of Pre-primary Education Voucher Scheme (PEVS) in 2006 was a

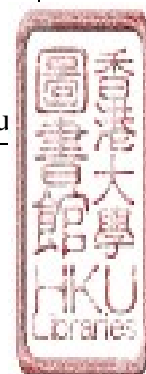


breakthrough. The Government's interventions and financial investment in the sector will be further increased upon the implementation of the recently announced free quality KG education policy in 2017. The stages of development of pre-primary education can be divided into four periods: initial stage of early form of pre-primary services appeared (1930s - 1970s), substantial reforms to pre-primary services development (1980s - 2005), breakthrough with the introduction of PEVS (2006 - 2016) and implementation of free quality KG education (2017 onwards). Table 1.1 shows the major policy development in pre-primary education in Hong Kong in each period.



**Table 1.1: Major policy development in pre-primary education (from 1930s to 2017)**

Stages	Initiatives
1930s - 1970s	<u>Ordinance</u> <ul style="list-style-type: none"> <li>❖ Education Ordinance (for KGs) in 1971;</li> <li>❖ Child Care Centres Ordinance (for child care centres) in 1975.</li> </ul>
	<u>In-service training</u> <ul style="list-style-type: none"> <li>❖ Establishment of KG advisory inspectorate and provision of 2-year part time in-service training for KG teachers in 1950s;</li> <li>❖ Part-time in-service training for childcare workers in 1960 and full-time pre-service training in 1968 by Social Welfare Department.</li> </ul>
1980s - 2005	<u>Policy documents</u> <ul style="list-style-type: none"> <li>❖ Green Paper on Primary Education and Pre-primary Services in 1980 as the first official consultation document;</li> <li>❖ White Paper on Primary Education and Pre-primary Services in 1981 as the first official policy document.</li> </ul>
	<u>Mode of subsidy</u> <ul style="list-style-type: none"> <li>❖ Financial assistance to parents in need in 1982;</li> <li>❖ HK\$163 million for professional training of KG teachers over a period of four years in the 1994 Policy Address;</li> <li>❖ Financial assistance to non-profit-making (NPM) KGs in 1995.</li> </ul>
	<u>Guidelines on various areas (e.g. curriculum, activity and pay scale)</u>
	<u>Qualification requirement</u> <ul style="list-style-type: none"> <li>❖ Raising minimum academic entry qualification of KG teachers from Secondary 3 to Secondary 5 level with at least two passes in the Hong Kong Certificate of Education Examination (HKCEE) in 1994;</li> <li>❖ KGs with at least 40% qualified KG teacher by 1997;</li> <li>❖ Compulsory professional training to upgrade qualifications.</li> </ul>
2006 - 2016	<u>Mode of subsidy</u> <ul style="list-style-type: none"> <li>❖ Implementation of PEVS from 2007;</li> <li>❖ Various modifications to PEVS (e.g. adjustment of voucher valu</li> </ul>



Stages	Initiatives
	<p>annually with reference to the Composite Consumer Price Index from 2012/13 school year<sup>1</sup>, PEVS KGs achieving minimum 1:15 teacher to student ratio with teachers possessing the Certificate in Early Childhood Education (C(ECE)) qualification and non-C(ECE) teachers with qualified kindergarten teacher (QKT) qualifications from 2012/13).</p> <p><u>Qualification requirement</u></p> <ul style="list-style-type: none"> <li>❖ KG teachers with a Diploma in Early Childhood Education (ECE) or university degree;</li> <li>❖ All existing principals with a degree by 2011/12;</li> <li>❖ Completion of a certificate course by new KG principals having a Bachelor in Education starting from 2009/10.</li> </ul> <p><u>Quality assurance</u></p> <ul style="list-style-type: none"> <li>❖ Implementation of quality review (QR) with self-evaluation;</li> <li>❖ Conduct of classroom inspection.</li> </ul>
2017 onwards	<p><u>Mode of subsidy</u></p> <ul style="list-style-type: none"> <li>❖ Direct subsidy for half-day (HD) KG education service for eligible KGs;</li> <li>❖ School-specific grants: Additional grants for whole-day (WD) and long-whole-day (LWD) KGs, rental subsidy, premises maintenance grant, grant for admitting non-Chinese speaking (NCS) students, fee remission for needy students;</li> <li>❖ 2-year tide-over grant for KGs with large number of long-serving teachers.</li> </ul> <p><u>Qualification requirement</u></p> <ul style="list-style-type: none"> <li>❖ Qualification requirement of teachers to be upgraded to degree level.</li> </ul> <p><u>Quality assurance</u></p> <ul style="list-style-type: none"> <li>❖ Quality Assurance framework to be enhanced;</li> <li>❖ Various guidelines to be reviewed;</li> <li>❖ Teacher to student ratio to be enhanced from 1:15 to 1:11;</li> <li>❖ Recommended salary range and teaching staff structure;</li> <li>❖ Monitoring on participating KGs by the Government to be stepped up</li> </ul>

<sup>1</sup> In this report, the presentation for years in “xxxx/xx” denotes school year whereas “xxxx-xx” denotes financial year.

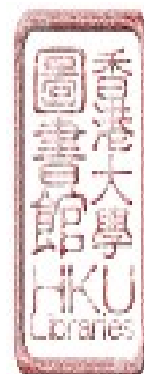


The project addresses the provision of pre-primary education in Hong Kong with focus on the evolution of governance approaches and policy tools in addressing the needs of pre-primary education over time. The objective of the project is to look into the history and development with a view to understand the reasons for the change in the governance approaches and policy tools adopted over time. Through studying the evolution of the Government's response over time, the project aims to provide insights on how the responses to the needs of pre-primary education might be transformed in the light of developments over time.

### **Research questions and associated propositions: theory and practice**

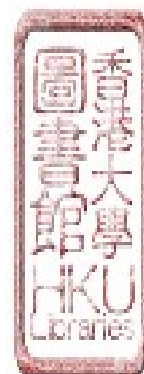
To study the evolution of governance approaches and policy tools in addressing the needs of pre-primary education in Hong Kong, the project addresses four research questions as follows:

1. What governance approaches and policy tools are available to governments for addressing the needs of pre-primary education; and what are the policy dynamics likely to be?
2. What particular governance approaches and policy tools has the Hong Kong Government adopted in addressing the needs of pre-primary education?
3. Why has the Hong Kong Government changed its responses in addressing the needs of pre-primary education?
4. How might the Hong Kong Government's responses to the needs of



pre-primary education be transformed in the light of developments over time?

Addressing the needs of pre-primary education involves the organization of public actions with possibility of involvement and interaction in various extents of the state, civil society and market, resulting in different governance approaches and policy tools. Regarding Hong Kong's pre-primary education, the Government relied on the market and played a less dominant role at first. Subsequently, there have been more and more government interventions in the pre-primary education sector from setting minimum requirements on service provision and providing in-service training in the period before 1980 to placing more regulations on the standard and quality of service provision, and providing financial assistances to parents and service providers after 1980 with increasing extent of regulatory controls and financial assistances over time and up to the present. The evolution of governance approaches and policy tools was primarily in response to the policy outputs and outcomes, together with the policy dynamics involving the change in political, administrative and socio-economic factors over time. As more and more government interventions in the pre-primary education sector are noted over time, it is expected that the next round of transformation of the Government's response would be towards interventionist governance but still within regulated self-governance mode. This is because the pre-primary education has long been provided by the private sector with flexibility and diversity and hence, a high level of cooperation between the public and private sectors is expected to continue whereas a drastic change to public provision of

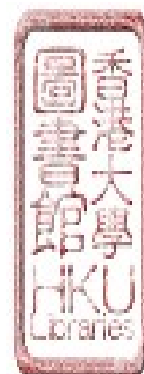


pre-primary education is unlikely.

### **Overview of the analytical framework**

In a society and economy, there are various problems, needs and demands and some are of public concerns and value in addressing collectively rather than individually and hence, call for public actions in response. The nature of goods and services, governance approaches, policy tools and policy dynamics, and their interaction leads to the organization of public actions resulting in policy outputs and outcomes that can trigger the evaluation, modification and redesign of public actions, and eventually, the evolution over time.

The needs of pre-primary education in Hong Kong are of public concerns and value calling for public actions in response. To study the evolution of public actions, in particular, the governance approaches and policy tools, in addressing the needs of pre-primary education in Hong Kong, the analytical framework established for the project integrates concepts of nature of goods and services, governance approaches, policy tools and policy dynamics. The nature of goods and services has implications in determining whether a public action is required and forms important arenas of action, leading to the possibility of involvement and interaction in various extents of the state, civil society and market, resulting in different governance approaches. The governance approach shapes the development and implementation of policy responses involving the selection and adoption of a variety of policy tools. Public actions result in policy outputs and



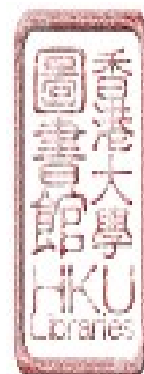


outcomes which, together with the policy dynamics involving the change in political, administrative and socio-economic factors over time, lead to the evaluation, modification and redesign of public actions and eventually the evolution over time. In this study, concepts of goods and services by Olson (1971), Ostrom & Ostrom (1991), Gibson, McKean, & Ostrom (2000), Thynne & Peters (2015) and others, along with the four ideal governance types suggested by Knill & Tosun (2012), as well as the classification of policy tools known as NATO, namely nodality, authority, treasure and organization, put forward by Hood (1983) and Hood & Margetts (2007), and finally Kingdon's (1995) model for policy dynamics, known as the three stream theory, are made reference.

### **Research methodology**

The research for this study is conducted through literature review and desktop research. Extensive literature review is conducted to understand the concepts and theories of nature of goods and services, governance approaches, policy tools and policy dynamics, and the interaction of these four concepts leading to the organization of public actions so as to establish an analytical framework for subsequent empirical analysis of the evolution of governance approaches and policy tools in addressing the needs of pre-primary education in Hong Kong over time.

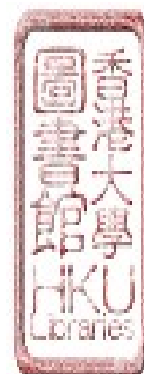
Desktop research is conducted to obtain the empirical information on the history and development of pre-primary education in Hong Kong. The materials



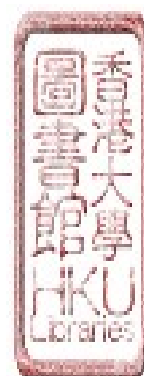
studied are obtained through the public domain and include official websites of and documents issued by government bureaux/departments (e.g. the Education Bureau, the Census and Statistics Department), Legislative Council documents, review reports relating to pre-primary education issued by various bodies/committees (e.g. the Education Commission, the Committee on Free Kindergarten Education), academic journal articles and media reports/commentaries. The desktop research methodology is considered relevant and appropriate for this study as pre-primary education is a key stage of education for which extensive information, discussion and research regarding its history, development over time and current situation are readily available in the public domain. Therefore, sufficient information could be obtained to establish detailed empirical findings and analysis for the study.

### **Chapter outline**

The project includes seven chapters. Chapter 1 sets the scene and provides an introduction to the project. Chapter 2 establishes an analytical framework, which integrates concepts of nature of goods and services, governance approaches, policy tools and policy dynamics, using as the analytical lenses to structuring, guiding and informing the study of the evolution of governance approaches and policy tools in addressing the needs of pre-primary education in Hong Kong. Chapters 3 to 6 provide an empirical study on the history and development of pre-primary education in Hong Kong and analyze the reasons for the change in the governance approaches and policy tools adopted in addressing the needs of



pre-primary education over time. The analysis is divided into four parts and basically followed the four stages of development mentioned above. Chapter 7 summarizes the main findings and provides recommendations on how the Government's responses might be transformed in the light of developments over time.

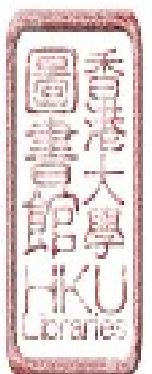


## Chapter 2

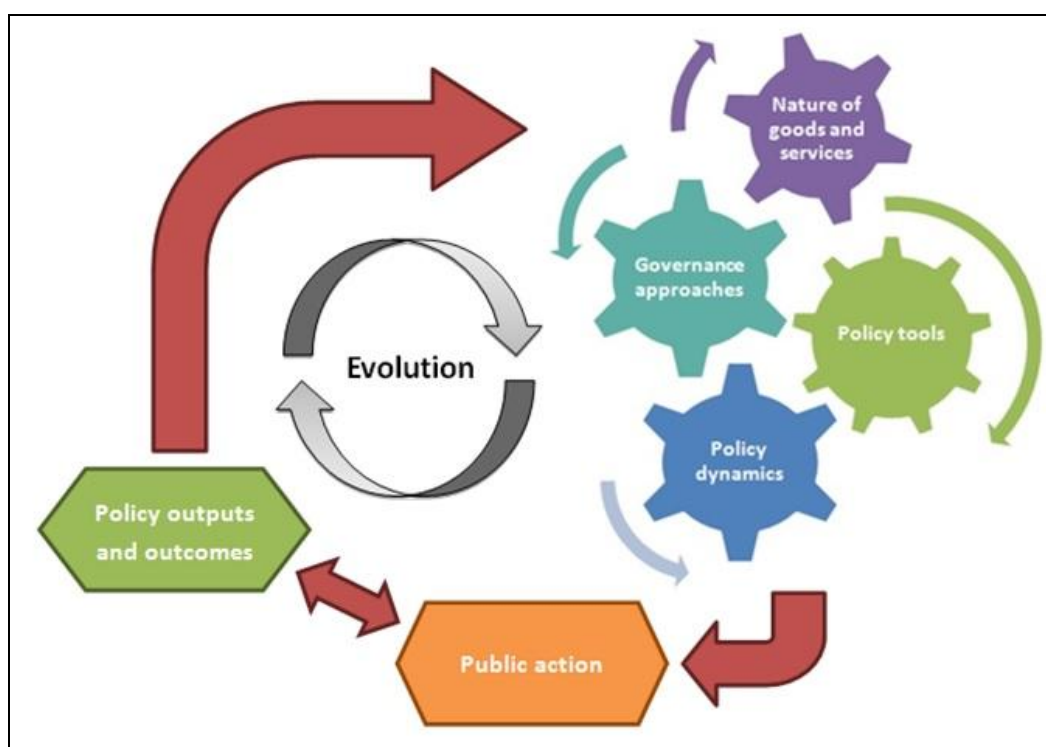
### Analytical Framework

#### Introduction

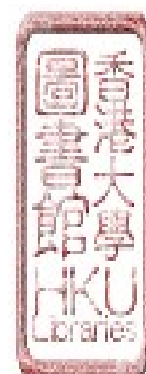
This chapter develops an analytical framework used as the analytical lenses to structuring, guiding and informing the study of the evolution of governance approaches and policy tools in addressing the needs of pre-primary education in Hong Kong in subsequent chapters. The analytical framework integrates concepts of nature of goods and services, governance approaches, policy tools and policy dynamics. The interaction of these four components leads to the organization of public actions resulting in policy outputs and outcomes that can trigger the evaluation, modification and redesign of public actions, and eventually, the evolution over time. The components of the analytical framework, the linkage between different components and the evolution over time are illustrated in Figure 2.1.



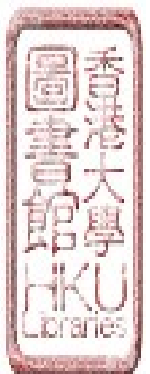
**Figure 2.1: Analytical framework**



In a society and economy, there are various problems, needs and demands and some are of public concerns and value in addressing collectively rather than individually and hence, call for public actions in response. Public actions refer to the performance of different roles (i.e. owners, producer, provider, regulator and facilitator) concerning the goods and services of public interest by the public involving the state, civil society and market (Thynne & Peters, 2015, p. 74-75). The nature of goods and services has implications in determining whether a public action is required and forms important arenas of action, leading to public commitments concerning the roles to be performed with possibility of involvement and interaction in various extents of the state, civil society and market, resulting in different governance approaches. Policy instruments or



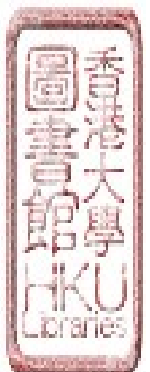
policy tools, in terms of the design, use and evaluation as being, are the means of action (Thynne, 2015, p. 265). The development and implementation of policy responses with the selection and adoption of a variety of policy tools are shaped by the governance approach under which the state forms the perception of its roles to be performed in terms of the levels and forms of its dominance and determines the policy goals to be achieved. Public actions result in policy outputs and outcomes. The feedback from action taken, the achievement or non-achievement of policy goals, together with the policy dynamics involving the change in political, administrative and socio-economic factors over time lead to the evaluation, modification and redesign of public actions resulting from the change in classification of goods and services, the governance approaches adopted and the policy tools selected, and eventually the evolution over time. Policy dynamics are analyzed to study the policy process and how the policy tools fit into the policy in response to the society and economy's problems, needs and demands over time, and how the governance approaches and policy tools adopted help achieve the government's policy goals. In this study, concepts of goods and services by Olson (1971), Ostrom & Ostrom (1991), Gibson, McKean, & Ostrom (2000), Thynne & Peters (2015) and others, along with the four ideal governance types suggested by Knill & Tosun (2012), as well as the classification of policy tools known as NATO, namely nodality, authority, treasure and organization, put forward by Hood (1983) and Hood & Margetts (2007), and finally Kingdon's (1995) model for policy dynamics, known as the three stream theory, are made reference.





## **Nature of goods and services**

### *Types of goods and services*

There has been extensive literature about the concepts of goods and services by Olson (1971), Ostrom & Ostrom (1991), Gibson, McKean, & Ostrom (2000), Thynne & Peters (2015) and others. Goods and services are traditionally described into private, public, toll and common pool based upon the two characteristics of accessibility/excludability and consequences of consumption or use. Exclusion occurs when potential users can be excluded from access the goods or services unless they meet the terms and conditions of the vendor (Ostrom & Ostrom, 1991, p. 165). For example, accessibility of the goods or services can be restricted by imposing a pricing system. Consumption or use concerns the availability of the goods or services for another person's use once access is gained by someone (Thynne & Peters, 2015, p. 75). There is no jointness of use when consumption by someone makes the goods unavailable for subsequent use by another person. The accessibility/excludability and consumption or use are dependent on the goods or services being naturally available or consciously made available (Thynne, 2016, p. 62). According to the extent and consequences of their availability, accessibility and consumption or use, four types of goods and services can be distinguished (Table 2.1). The four way classification, particularly private, public and toll goods could be threaded together for discussion on various aspects of education.



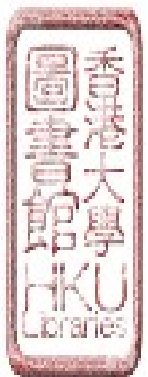
**Table 2.1: Types of goods and services**

		<b>Availability of the goods or services for subsequent consumption or use once access is gained</b> 	
		<b>Low</b>	<b>High</b>
<b>Excludability of the goods or services</b> 	<b>High</b>	Private goods	Toll goods
	<b>Low</b>	Common pool goods	Public goods

*Source: Thynne & Peters (2015)*

***Private goods***

The first type of goods – private goods – are excludable for which it is possible to restrict someone’s access and having no jointness of use in terms of unavailability for subsequent consumption. Bread would be an example of private goods. A bread roll is finite and it is gone once eaten by a person. Furthermore, when a bread roll has been eaten by a person, it cannot be consumed by others. Education is exclusionary in regard to direct benefits of education enjoyed by individual students, which makes it more akin to private goods. It has long been discussed that there are private benefits associated with schooling, including changes in skills and knowledge, improvement in trainability, enhancement of individual productivity and earnings, contributing to technical and cultural literacy and other private outcomes (Levin, 1987, p. 629). Such private benefits for knowledge are exclusively enjoyed by individual students. In order to capture

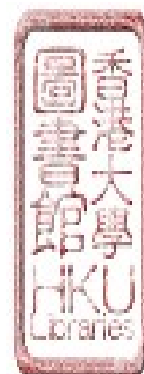




the many private benefits associated with, families will desire to send their children for schooling. Families who have resources generally wish to see more educational choices made available so that they can select schools with qualities or other attributes that are suited to their needs. On the other hand, school operators, who regard education as a consumer service, will determine the allocation of resources by consumer preferences (Peitchinis, 1967, p. 59). Schools, in order to maximize profits, have to compete with one another for students by making product differentiation to attract parents.

### ***Public goods***

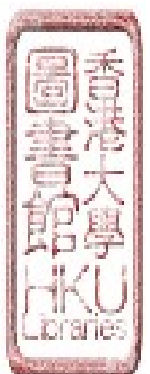
The second type of goods – public goods – the exact opposite of private goods, subject to joint consumption or use where it is difficult, if not impossible, to restrict someone’s access. Public goods may be naturally available, for example, fresh air. However, most public goods belong to “impure public goods” which do not portray public goods characteristics to its full extent. They may be consciously made available where positive externalities occur (Kallhoff, 2014). In addition to the knowledge basis, education preserves public goods features as a matter of public policy/public interest. Poterba (1994) provides an overview: educated individuals are less likely to involve in crime and social disruption activities; an educated workforce permits new technologies to be introduced for raising competitiveness in a society; and an educated electorate contributes to a stable and democratic society, etc. Each of these arguments suggests that education produces many benefits to a society. Public goods are special in



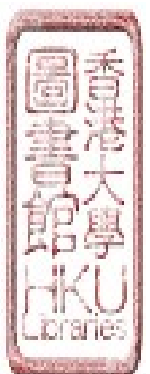
availability as they do not include competition over the goods at a basic level. However, education with limited seats highlights the availability issue which affects/limits access. It is sensible to secure basic degree of supply including but not limited to initial availability as well as non-discriminatory conditions for supporting the open access to public goods. In addition, conditions of access around public goods often refer to as non-excludability regarding potential beneficiaries (Kallhoff, 2014, p. 637). That means they do not restrict to a preselected group of beneficiaries alone. Yet each person who wishes to profit from the society's overall education level can do so. And each person who wishes to access education will also be successful in doing so. In the consideration of distribution and access, Tobin (1970), Poterba (1994), Goodlad & Riddell (2005) call for fair access to education with respect to rights, social justice, and equality. In order to safeguard a basic level of education to each person, equal access needs to be secured in response to the conditions of availability.

### ***Toll goods***

The third type of goods – toll goods – are exclusionary where it is possible to restrict someone's access but not rivalrous in consumption among potential users. A toll good is still available for subsequent consumption by someone else once access is gained by an individual. A classic example of toll goods would be roads where the use of roads is controlled by a toll system, but the ability to use the roads are not rivaled. Institutionalized education is also a toll good as barriers to its accessibility can exist (Thynne & Peters, 2015, p. 77). Access



barriers can be imposed for those who do not pay for schooling (i.e. the toll). Following an ideal scenario of public goods in terms of non-discriminatory access, toll goods features of education discuss low entrance barriers for supporting ongoing consumption or use. Toll goods are not necessarily available to each potential profiteer (Kallhoff, 2014, p. 637). Kallhoff (2014) asserts that education is particularly advantageous to a great society, but it could not achieve its goal if tolls are so high that individuals cannot afford them. Particularly on children of poor families, they cannot access to education as their abilities warrant if the only criterion for selection is ability to pay. Schaffer & Wen-hsien (1975) argue for a system of distribution “to include the excluded” for individuals who are relatively weak in the resources necessary to succeed (p. 21). Yet toll goods respond to the basic availability. But when the number of users reaches a point where congestion occurs, the use by one person reduces the availability for simultaneous use by another person. On the toll goods features of education, it is available for simultaneous use by students. However, more and more students could outrun its capacity as congestion develops, then one person’s use takes its toll on the quality of education for other. Kiser & Ostrom (2000) points out the effects of congestion as erosion as a result of consumption or use in toll goods (p. 68). This distinction is of particular importance in discussing the role of supply for ongoing availability in contending against the degradation of consuming institutionalized education.

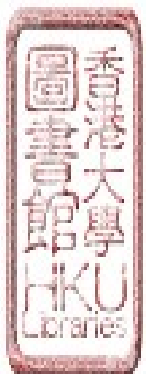


### ***Common pool goods***

The fourth type of goods – common pool goods – are non-exclusionary but still rivalled in consumption. It is infeasible to exclude an individual from using these goods but the use of the goods diminishes the amount of another person to consume. Natural resources like fish in the oceans is a classic example for rival non-excludable nature of common pool goods. With the stands for common ownership, they likely get over-consumed, leading to the “Tragedy of the Commons” problems of overuse and degradation of natural resources (Rauh, 2011, p. 1584). In contrast to common pool goods which respond to non-discriminatory access conditions, but are yet highly competitive items, education is lack of common pool features. As we are addressing availability, accessibility, and consumption or use being interrelated in education, common pool goods are not at the center of concern under our subsequent discussion.

### ***From nature of goods to governance approaches***

Public actions refer to the performance of different roles (i.e. owners, producer, provider, regulator and facilitator) concerning the goods and services of public interest by the public involving the state, civil society and market (Thynne & Peters, 2015, p. 74-75). The appreciation of the nature of and the recognition of different types of goods and services have implications in determining whether a public action is required in response to the society and economy’s problems, needs and demands, and form important arenas of action, leading to public



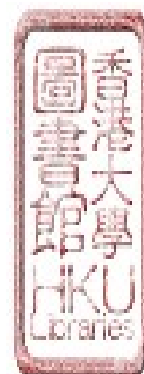
commitments concerning the roles to be performed with possibility of involvement and interaction in various extents of the state, civil society and market, resulting in different governance approaches.

## **Governance approaches**

### *Types of governance*

When talking about “governance”, there are many different definitions with most of them highlighting its collaborative nature compared with the old term “government”. Kooiman (2003) suggests that governance is related to “the totality interactions” of the state, market and civil society concerning the political, economic and social communities respectively (Thynne, 2015, p. 268). Knill & Tosun (2012) bring up two general concepts of governance with the first one discussing governance as a classification of modes of political steering by which “governance refers to the collective settlement of social affairs in a polity,....based on cooperation between public and private actors”. In contrast, if we see governance as a distinctive mode of political steering, it refers to “governance as self-organizing, inter-organizational networks” (Knill & Tosun, 2012, p. 201). On the main feature of governance, Salamon (2001) emphasizes “its reliance on a wide array of third parties in addition to government to address public problems”.

Knill & Tosun (2012) mention four ideal types of governance, namely interventionist governance, regulated self-governance, private self-governance and cooperative governance, which can be grouped into three governance modes



of hierarchy, markets and networks. Salamon (2001) also discusses the shift from hierarchy to networks of governance in policy analysis over the past decades. The concepts on governance elaborated by Knill & Tosun (2012) are adopted as the framework in studying governance approaches.

Governance patterns are different across places and policy sectors, basing on their level of cooperation of public and private sectors during policy formulation and the degree of legal obligation in political steering activities (Knill & Tosun, 2012). The configuration of the governance types is demonstrated in the following table.

**Table 2.2: Four ideal types of governance**

		Cooperation of public and private actors	
		High	Low
Degree of legal obligation	High	Regulated self-governance	Interventionist governance (government)
	Low	Cooperative governance	Private self-governance

*Source: Knill & Tosun (2012, p. 210)*

***Interventionist governance***

Interventionist governance is the classical form of policy-making which can be distinguished by a top-down relationship between public and private sectors. The government dominates the provision of public goods by “command and control” in which it intervenes “from above” into the society through clearly stated rules and regulations that both public and private sectors have to conform to. The

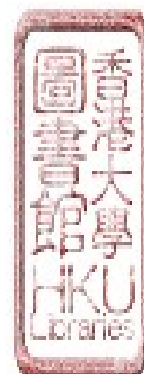


participation of the private sector is limited. It is classified under the hierarchy mode of governance which stresses the role of formal orders and procedures imposed on the two sectors. There is an asymmetrical relationship between the two sectors in which the government has the ultimate power to force the private sector to comply with its policies. The foremost position of the government in formulating policies can be seen through its intervention in producing and supplying public goods as well as defining the legal framework.

This type of governance is regarded as statism among the three approaches of organizing public actions introduced by Thynne & Peters (2015), which organizes public actions by exercising the state's coercive power and the rule of law. When the dominance of verticalism and integration being complemented by inter-organizational coordination and collaboration dictated politically, the state acts as a big owner, producer, provider, regulator and facilitator of goods and services in this approach under which a comprehensive state provision of a range of goods including education is seen. State ownership, production and provision of public goods and extensive regulation and facilitation of economic and social activities can also be found (Thynne & Peters, 2015). It is typical for pure public goods.

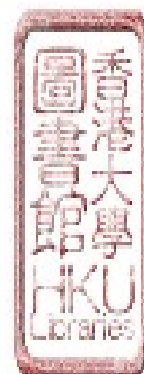
### ***Regulated self-governance***

Compared with interventionist governance, regulated self-governance allows private actors to participate in policy-making and implementing in a greater extent



with an enhanced co-operative relationship with the public sector. The private sector works with a market concept under a formalized and institutionalized setting despite the government's dominance in the ultimate decision on policy content and regulatory measures. This type of governance demonstrates certain degree of governance by the market which operates on the idea that prices will induce an ideal setting for resource exchange, while it is also governed by policy networks comprising various actors in a specific sector by which co-ordination of interests and resources can be facilitated and balanced. The power and authority in governance are shared to private actors under the "shadow of hierarchy" that they are empowered with public functions and responsibilities in service delivery, but at the same time working under the policy framework and supervision of the government. Intervention by government may take place if the co-operation between the public and private sectors fails (Knill & Tosun, 2012).

The mixed arrangements of the coercive power of the government and the market's contractual power in this governance approach characterize the state-market dualism in which administration is recast as management. The state will be a significant provider or facilitator of goods and services, especially private goods. By using executive agencies rather than departments to implement policies, organizational integration and verticalism are sometimes replaced by organizational autonomy and horizontalism in the state-market dualism (Thynne & Peters, 2015).

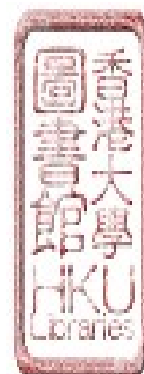




### *Co-operative governance*

In co-operative governance, a top-down hierarchy is no longer dominant while negotiation and mutual trust have been focused instead. It operates in the form that both public and private sectors are of equal standing under which rules will be co-operatively developed through continuous bargaining processes and voluntary agreements between the two sides. Moreover, lower degree of legal obligation is observed when compared with regulated self-governance. Co-operative governance can be regarded as a pattern of “joint policy-making”. It fits the concepts of network governance which is classified as “stable sets of interdependent public and private sectors which interact informally to achieve distinctive but interdependent goals” (Knill & Tosun, 2012, p. 203). Co-operation in policy network can take place in various forms ranging from horizontal co-ordination between the public and private sectors to societal self-governance.

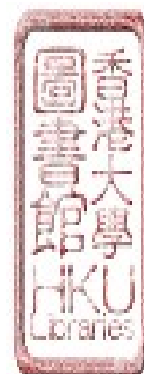
In view of the urge to reduce the size of the government, it evolves into a steering body with decentralized public organizations and substantial outsourcing in new public management (Denhardt & Denhardt, 2003). State-market-civil society synergism aligns with new public governance as co-operative governance becomes more prominent. In this approach, the government has limited coercive power, contractual power of the market and consensual power of civil society in different compositions constituting widespread dispersing and sharing of power by a number of organizations in organizing public actions and dealing with



common pool and toll goods. The state can work flexibly and strategically with these organizations as service collaborator, network synthesizer in managing networks and instinctive adaptor to changing demands in providing services, regulating and facilitating social and economic activities, responding to new powers and tensions in networks, and to re-negotiate and recast organizational contributions and commitments. How to maximize the synergy between the state, the market and the civil society by inter-organizational networks depends on the willing of collaboration and the capacity of all involving parties (Thynne & Peters, 2015, p. 81).

### *Private self-governance*

According to Knill & Tosun (2012), private self-governance is a typical setting of market mode of governance. It is based on voluntary rather than legally restrictive instruments. The market dominates the operation in this governance approach and the provision of public goods mainly hinges on the capacity of private actors as it is believed that this mechanism can achieve the most efficient resource allocation result according to monetary criteria. The government co-operates with the private sector in a smaller extent but provides complementary governance contributions like guidance in the process. The government can increase the legitimacy of this type of governance by acknowledging its outcomes, mediating and moderating between conflicting interests and enhancing communication and coordination between various actors. In this regard, the government performs more like a facilitator by offering relevant

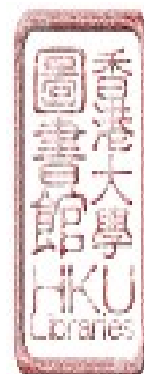


infrastructure to the private sector.

### ***Interrelationship between different governance approaches***

These four types of ideal governance approaches are not exclusive alternatives but interrelated. Governance by public or private actors is actually mutually reinforcing (Knill & Tosun, 2012). As mentioned above, the reliance on the government to be the key contributor to public actions is no longer sustainable despite its essentiality in governing and ensuring public values. Instead, the specialized capacities of civil society and market organizations can complement or even replace those of state organizations. For example, if the provision of public education is insufficient, civil society or market organizations may supplement or compete with the administration depending on their strengths. Therefore, policy makers should learn how to appreciate the dynamic of choices among available alternatives and make suitable decisions according to the suitability of the alignments in view of the significance of capacity, values and legitimacy in organizing and achieving public action. Apart from its own capacities and limitations, the state should be aware of the existence of the capacity which can fit in with the market and civil society, as well as the incentives for their involvement. Nevertheless, attention has to be paid on how this change can be achieved without denting the legitimacy of the state (Thynne & Peters, 2015, p. 82-84).

A certain mode and type of governance or a mix of them can be chosen to



respond to different public problems. It is important to note the interlocking relationship of nature of goods and services, roles and instruments that the roles to be performed by the state, civil society and market can sometimes change the embedded character of the goods or services. Thynne & Peters (2015) cite the example of institutionalized education that its toll goods nature can become a public one when its provision is free and other barriers to accessibility are removed.

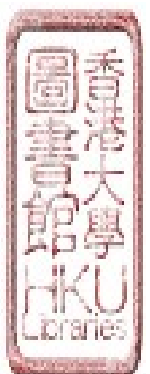
### ***From governance approaches to policy tools***

The nature of goods and services has implications in the roles to be performed with possibility of involvement and interaction in various extents of the state, civil society and market, resulting in different governance approaches. The governance approach adopted, under which the state forms the perception of its roles to be performed in terms of the levels and forms of its dominance and determines the policy goals to be achieved, influences the development and implementation of policy responses as well as the selection and adoption of a variety of policy tools which are the means of action and can be classified and conceptualized in various ways (Thynne, 2015, p.265; 268).

### **Policy tools**

#### ***Policy tools for implementation of policy***

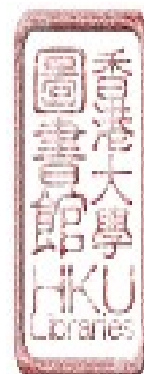
In a simplistic sense, policy tools translate goals into means (Hood & Margetts,



2007, p. 12). The intrinsic characteristics of different tools bring out the desired effects in policy implementation. By creating incentives and disincentives, policy tools both constrain and facilitate economic, social and political behavior (Kay & Daugbjerg, 2015, p. 239). They may be chosen out of conscious decisions with the purpose to solve policy problems; however, they can also be accommodation to political and social demands amidst the dynamics of stakeholders. In either way, they have to be understood in the context of governance approaches and nature of goods and services which, together with other factors, interact with one another.

### ***Choice of policy tools***

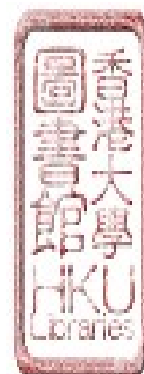
As argued by Howlett (2009), policy tool choices are the result of, and constrained by, a multi-level “nested relationship” within the framework built up by governance approaches and the “policy regime logics” behind (Howlett, 2009, p. 73). The process within this framework starts from the abstract policy aims and general implementation preferences at the macro-level which set the overall trends, to the meso-level decisions about policy objectives and policy tools based on policy regime logics, to the micro-level of concrete “policy tool calibrations” for achieving specific targets (Howlett, 2009). It is, however, not a linear progression. Among other factors, the policy tools create self-reinforcing feedbacks which loop to renew the governance approaches (Kay & Daugbjerg, 2015, p. 239) and the resulting objectives and policy regime logics as illustrated in the model at Figure 2.1.



The choices and impacts of the policy tools will be analyzed from a multi-dimensional perspective. First of all, the possible reasons why specific policy tools were taken will be discussed. The governance approaches are embedded with prevalent preferences on distributive or redistributive policies, market mechanisms or hierarchies in delivery of goods, as well as concepts of the role of government as provider or facilitator. These preferences develop the policy regime logics that influence the choices of policy tools in addressing specific problems. On the other hand, how the policy actors see the nature of problems further narrows down the scope of policy tool options. If the problems are framed as market failure arising from information asymmetries, mandatory disclosure of information is one of the choices of policy tools, as in the era of PEVS where KGs are required to make their detailed profiles public to help parents make better choices. More regulations may be imposed on service providers if the problems are considered to be related to negative externalities, for examples, increased social costs due to poor quality pre-primary education, in order to achieve optimal outcomes (Howlett, 2009, p. 79).

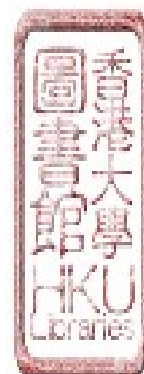
### ***Classification of policy tools***

The natures and functions of different policy tools may also explain the rationales behind the choices. Though literature promulgates diverse views on the nature of policy tools from the prescriptive function in translating policy goals to means (Hood & Margetts, 2007, p. 12) to the passive situation of politics precluding the nature of policy tools (Peter & Linder, 1998), there is considerable merit for using



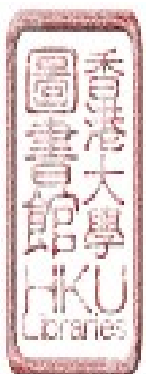
Hood's (1983) classical NATO model (Hood, 1983; Hood & Margetts, 2007), supplemented with related ideas of other scholars, as a foundation for a meaningful discussion about the expected outcomes of the choices, amidst intertwining relationships with other factors. In Hood's (1983) words, the set of basic tools helps "make sense of the complexity" (Hood & Margetts, 2007, p. 11). It neatly categorizes the resources at the disposal of the government into nodality, authority, treasure and organization-based resources.

Nodality literally denotes the property of being in the junction of an information or social network (Hood & Margetts, 2007, p. 5). It is the informative instruments designed to persuade people to behave in particular ways through learning or a change of norms (Kay & Daugbjerg, 2015, p. 243). They are bottom-up policies as provision of information facilitates better consumer choice and thereby indirectly incentivizes providers to improve quality. They are soft instruments with non-binding advice which the target population will follow or not is voluntary. Despite the softness, governance based on accepted norms is usually very effective (Kay & Daugbjerg, 2015, p. 243) since a certain degree of consensus among stakeholders is involved. Authority refers to the use of coercive force to maintain or change behavior (Kay & Daugbjerg, 2015, p. 243). It is the official power to demand, forbid, guarantee and adjudicate (Hood & Margetts, 2007, p. 5). Non-compliance is penalized. Authority tools are top-down policies aiming at improving quality through regulations. Treasure is the financial resources to be freely exchanged to influence behavior (Hood & Margetts, 2007, p. 6). It is associated with economic instruments designed to



“create incentives for the target population to behave in a certain way by rewarding them for the desired behaviour” through transferring financial resources such as subsidies, reimbursements or tax concessions to them, or by increasing the costs of ignoring the call for change in behavior, through, for example, imposing heavier tax or excluding them from a certain subsidy (Kay & Daugbjerg, 2015, p. 244). They are top-down policies aiming at improving quality through direct financial incentives. They also address the issues about distribution and fair access based on the idea of enhancing accessibility to goods and services with increased financial power. Organization denotes the possession of a stock of people with whatever skills they have, land, building, materials, etc. somehow arranged to implement the policies (Hood & Margetts, 2007, p. 6). The organization deployed to implement policies can be the bureaucrats in the government or a market created for this purpose, for example, the changed market created by the use of vouchers for education given to parents in the United States where public schools are forced to compete for parents in the market.

The other two perspective of the analysis on policy tools are how they have served to achieve the policy objectives and how the feedbacks and legacies in the process in applying the policy tools have added new inputs to the intertwining factors, which have catalyzed continuous changes to the public actions. There have been a lot of studies showing that the choices of policy tools are more than technical and objective issues (De Bruijn & Hufen, 1998). The interactions between policy actors and politics employed, different perceptions towards the

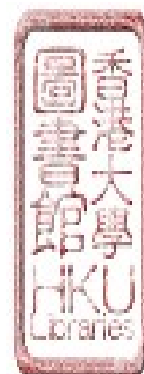




nature of problems and effective means to solve them, interests of stakeholders, etc. all cause changes from fine-tuning operational details to drastic changes made to the original implementation plans and policy objectives. The feedbacks and legacies, in the context of the socio-political climate, new knowledge and technologies which have expanded the menu of policy tools, government capacity and time-specific challenges, renew the governance approaches and the policy tools adopted over time.

### ***From governance and policy tools to policy dynamics and evolution***

The nature of goods and services has implications in the governance approach to be adopted which influences the development and implementation of policy responses as well as the selection and adoption of a variety of policy tools, and accordingly leading to the organization of public actions as a whole resulting in policy outputs and outcomes. Policy dynamics involving the feedback from action taken, the achievement or non-achievement of policy goals, together with the change in political, administrative and socio-economic factors over time lead to the evaluation, modification and redesign of public actions resulting from the change in classification of goods and services, the governance approaches adopted and the policy tools selected, and eventually the evolution over time. Kingdon's (1995) three stream theory can be used to study the policy dynamics and the resultant evolution over time.



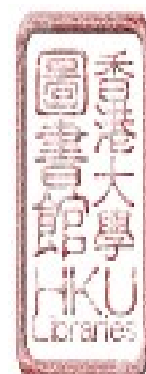
## **Policy dynamics**

### ***Evolution arising from policy dynamics***

The nature of goods and services and the choice of governance approaches affect the formulation and adoption of different policies and policy tools, leading to different policy outputs and outcomes as a result. This study aims to analyze and explain how policy dynamics occurred in relation to the nature of goods and services, type of governance approaches and policy tools. In view of decades of relative incremental development in pre-primary education before 2006, followed by a revolutionary launch of PEVS in 2007 and the forthcoming implementation of free quality KG education policy in 2017, Kingdon's (1995) three stream theory amongst different theories of policy process, supplemented with related concepts of other scholars, has been chosen as the foundation to conceptualize and discuss the intertwined linkages amongst the incremental and sharp changes in policy process, with the corresponding changes in nature of goods and services, governance approaches and policy tools fitting into the policy stream over the evolution of pre-primary education in Hong Kong over time.

### ***Three stream theory***

According to Kingdon (1995), as there are always a lot of issues for the government to deal with, the government could only pay attention to the list of subjects on the decision agenda. The governmental decision agenda setting and policy-making process are the outcome of three dynamic policy-making processes,

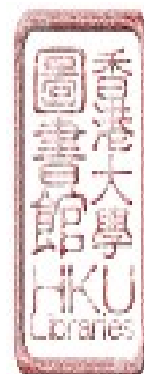


namely the political stream, policy stream and problem stream.

Kingdon (1995) identifies the political stream under which political factors, including but not limited to the public mood, the organized political forces, change of administration, and voices of opposition groups, have powerful influence on decision agenda setting. For instance, the change in the Chief Executive (CE) or the turnover of legislature have significant effects on agenda, like the announcement of launching PEVS at Mr. Donald Tsang's Policy Address in 2006. The combined political factors would create appropriate atmosphere and conditions for doing something possible which were impossible before.

Regarding the policy stream, Kingdon (1995) mentions that it involves the process where some policy proposals are created, deliberated, revamped, adopted and short-listed for severe consideration upon selection process. Normally, the government agencies select policy alternatives against some criteria, taking into consideration of the technical feasibility and budgetary constraints. As the policy advocates normally try to get more stakeholders and public members to support their proposals, they would filter and propose some surviving policy solutions which are normally technically feasible, and most likely to be accepted by the public and withstand possible future constraints for smooth implementation and sustainability.

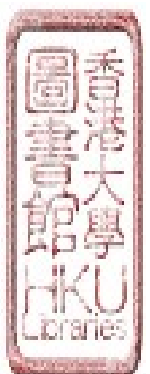
For the problem stream, Kingdon (1995) states that it is the process at which a problem attracts the government agent's attention. Problems are revealed



through observations on some systematic indicators and academic studies, for example, study results of a particular subject or the public expenditure pattern on public services. The problems can further catch people's attention especially when they are pushed by some focusing events, for example, crises and disasters illustrating that there are some significant issues on particular subjects. Problems will be observed and found by the policy makers and the public through feedbacks in the form of complaints or even legislative oversight. Indeed, the governmental officials always receive some feedbacks while operating the existing programs. While they monitor and administer the programs, they evaluate and oversee the implementation taking into consideration the feedbacks and complaints received which would bring the problems to their attention, letting them know that there is a problem out there and they have to take actions to deal with it as well as to monitor the magnitude and possible change in the identified problem.

### ***Opening of policy window***

While each of the three streams develops their own rules and dynamics, Kingdon (1995) highlights the key that when the three streams join and unite together at a critical time, it will result in the opening of a policy window where the policy advocates of the proposal can seize the chance and opportunity to draw people's attention and interests to some particular issues for which they will put forward their pet solutions, making them on the decision agenda. In other words, it is the time when problem identified meets with the available solutions in a political

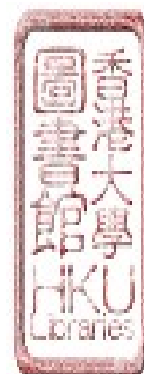


climate with the right timing for policy change (Kingdon, 1995, p. 88).

Nevertheless, Kingdon (1995) also states that the policy window does not open for long. Sometimes, indicators, focusing events, or feedback could bring the issue to the attention of people, the government and the relevant stakeholders seeking for solutions. However, it would also fade from view for various reasons. In fact, a problem could not be successfully raised onto the agenda unless there are solutions that could be implemented to alter and recast the problematic condition before it transforms to a genuine problem. Policy entrepreneurs might get advantages by readily holding some sorts of solutions while awaiting the opening of a policy window. The policy entrepreneurs and advocates always keep a close eye on the latest development of the policy dynamics to seize the opportunity at the coupling, so that they can attach their pet solutions to the identified problems while the policy outcome depends on the strength of each stream (Kingdon, 1995, p. 88).

### ***Evolution over time***

Key policy actors in pre-primary education include the government, parents, teachers, KGs and policy entrepreneurs. Their actions and responses to the government policy have been shaping the whole processes of policy through the political stream, policy stream and problem stream by different extents. As a result, their actions bring the issue of pre-primary education to the attention of the government with “an idea whose time has come” in the policy community and

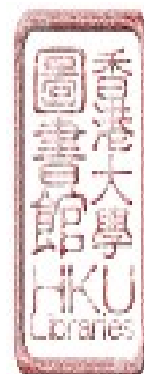


make significant interactions with nature of goods and services, governance approaches, and policy tools one another in a multi-dimensional policy dynamics over time accordingly.

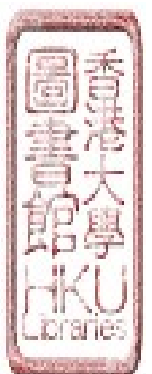
### **Concluding comments**

This chapter establishes an integrated analytical framework used as the analytical lens to structuring, guiding and informing the study of the evolution of governance approaches and policy tools in addressing the needs of pre-primary education in Hong Kong in subsequent chapters. The analytical framework integrates concepts of nature of goods and services, governance approaches, policy tools and policy dynamics and the interaction of these four components leading to the organization of public actions resulting in policy outputs and outcomes that can trigger the evaluation, modification and redesign of public actions, and eventually, the evolution over time. Accordingly, the analytical framework discussed above is essential to understand the organization of public action and the associated evolution over time.

In subsequent chapters, empirical study on the history and development of pre-primary education in Hong Kong (e.g. perception of the nature of pre-primary education, choice of governance approach, selection of policy tools and the policy dynamics involving the change in political, administrative and socio-economic factors over time) will be discussed and analyzed with due reference to the concepts in the analytical framework developed in this chapter with a view to



understanding the reasons for the change in the governance approaches and policy tools adopted in addressing the needs of pre-primary education over time. Attempt will also be made to analyze how the Government's responses to the needs of pre-primary education might be transformed in the light of developments over time.



## **Chapter 3**

### **Early Form of Pre-primary Education Appeared (1930s – 1970s)**

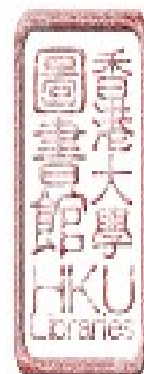
#### **Introduction**

Chapter 2 established an integrated analytical framework for analyzing the interplay among nature of goods, governance approaches, policy tools and policy dynamics in organizing public actions, which guides our understanding of pre-primary education development in Hong Kong. The ecology of Hong Kong pre-primary education is molded by the interactions among the four components. Their continuous and dynamic interactions have resulted in a number of policy outputs and outcomes changes by the Government. This chapter first reviews the early stage of Hong Kong pre-primary education development in the earlier colonial years.

Early forms of pre-primary services appeared at the first stage from 1930s to 1970s in Hong Kong. This period was primarily concerned with the quantity of pre-primary education provision. From the very outset, there was largely market orientation as a result of little attention paid by the colonial Government to ECE development.

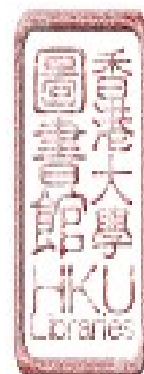
#### **Quantitative private provision referring to private goods**

During the early years of the 20<sup>th</sup> century, there were limited child care services





provided by religious or charitable groups for orphans and abandoned children and KG programs offered in the infant classes of a few religious primary schools for middle class families (Opper, 1992, p. 12). After World War II, early education in Hong Kong became widely available. Private goods took form from the time when Hong Kong experienced quantitative expansion in early education through private provision starting in the mid-1950s, as a market response to the growing demand for child care and KG services. There are a number of factors contributing to the high demand as a result of the goods (i.e. pre-primary education) being valued positively by individual families at the material time. One crucial factor was the rapid increase in population resulting from the influx of refugees from the Mainland China, which sharpened the demand for the limited number of places available in primary schools (Opper, 1992, p. 12). The keen competition resulted in the use of primary entrance examinations for entry into certain prestigious primary schools, and therefore led parents to turn to pre-primary education, KGs in particular, to assist their children for these examinations. Among the refugees, the fact that both parents had to work for survival, and that fewer families were accompanied by older members of their extended families, also increased pressure for preschool education (Sweeting, 1993, p. 17). Especially to women, the provision of preschool services allowed them to participate in the workforce. Another contributing factor was that Hong Kong families were much better off from the rapid economic development and could afford ECE. Hong Kong evolved from an entrepôt to manufacturing and exporter of goods from the late 1940s and then to a financial and commercial



center in the 1970s. Such development increased families' wealth, which in turn increased consumption of education services. During the period of 1950s to 1970s, the number of child care centers and KGs proliferated in response to the increasing parental demand. The number of children attended KG climbed up from 13,415 in 1951 to 198,351 in 1979, whereas the number of operating ECE schools grew from 156 in 1951 to 801 in 1979 (Table 3.1). Furthermore, in accordance with parental demand, there was considerable enhancement of the pre-primary education provision with increasing diverse services, for example, more academic activities, range of facilities and programs and extended service hours, etc.

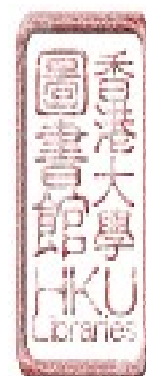
**Table 3.1: Number of enrolment and schools in KG**

KG	Year						
	1951	1959	1960	1961	1963	1964	1965
No. of enrolment	13,415	19,547	22,725	29,529	40,392	42,553	45,494
No. of schools	156	221	236	311	367	357	344
	1966	1967	1968	1969	1970	1971	1973
No. of enrolment	53,479	66,891	86,421	107,677	134,858	140,960	144,115
No. of schools	379	444	564	672	840	875	812
	1974	1975	1977	1978	1979		
No. of enrolment	143,706	151,456	172,410	186,225	198,351		
No. of schools	778	832	806	805	801		

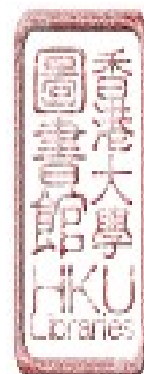
*Source: Education Department (1952; 1959-61; 1963-71; 73-75; 77-79)*

### **Private self-governance in pre-primary institutions**

All pre-primary services have remained in private hands. It associates with the fact that the Government has treated pre-primary education as private nature, which renders private institutions full autonomy to provide ECE. In the early



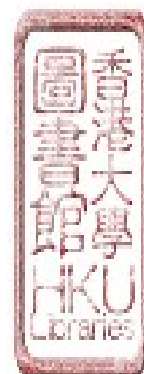
1950s, the Government already invariably referred to the then phenomenal expansion in KGs by parental demand given the private nature of the goods. In the Education Department's Annual Report (1954-55), it describes, "the increasing enrolment in these classes (KGs) is due in large part to the demands of parents to have their children in a school before the primary stage as an insurance for entry to Primary 1" (Sweeting, 1993, p. 17). The private nature put pre-primary services running with flexibility, diversity and market responsiveness in the private hands. In the 1965 Education Policy, the Government clearly states that "to rely on voluntary organizations and private enterprise to provide education (KG or pre-primary education)...The Education Department will however assist by providing advisory services and facilities for in-service training courses" (Hong Kong Government, 1965, p. 2). All the child care centers and KGs set out on a private self-governance under the mode of market dominance. As these institutions had been left to survive on their own, pre-primary services were market-driven and customer-oriented. Poon (2008) concludes that "there were substantial degrees of variation among the pre-primary institutions in terms of school curriculum, operational standards, fee levels, staff qualifications and quality of service" of the self-managing pre-primary institutions (p. 16). In the early years, the Government played a complementary role in governance, by setting minimum requirements for operational manuals in pre-primary institutions and contributing to the in-service training.



## **Inaction of government for pre-primary education**

### *Low priority in education policy for private provision of private goods*

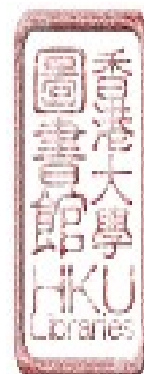
Notwithstanding the exponential increase in population and workforce participation which led to an upsurge in the demand for pre-primary education, and despite the keen competition for a place in KG which was regarded as a stepping stone to the limited places in primary schools, the Government refrained from taking an active role in monitoring or directly providing the pre-primary services. The socio-economic circumstances after World War II help explain the private self-governance and choice of policy tools which are reinforcing each other. As the city strived to recover from the devastation caused by the World War II including but not limited to destruction of school premises, loss of books and equipment, death of teaching staff at war and absence of education for children throughout the nearly four years' occupation by the Japanese (Education Department, 1947), it is not difficult to understand that pre-primary education was not given the priority in the early post-war era compared with primary education which was regarded as fundamental. The Ten Year Plan announced in 1953 only concerned with the provision of more schools to cater for 50,000 more children and better facilities for the training of teachers at primary education level (Education Department, 1954, p. 3). As pre-primary education was not given the priority, together with the then guiding principle that academic education was not a necessity for children aged 6 or below, high level of autonomy was given to KGs and the provision of the pre-primary services was shaped under market



mechanism with minimum regulations and assistance to upgrade the quality of education from the Government.

***Minimum control through nodality tools in private self-governance***

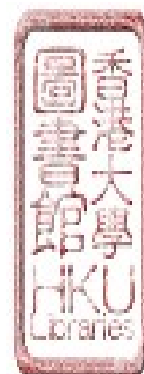
Although the number of enrolments to pre-primary education climbed from slightly over 10,000 in 1951 to 198,351 in 1979, constituting 79.7% of the population of children in the relevant age group (Education Department, 1979) and signifying its importance among the parents, the Government did not implement any measures to relieve the keen competition and financial burdens to low-income families, monitor the quality, or solve the problems concerning lack of space and amenities in KGs. Minimal use of nodality tools in exercising the Government's advisory role, authority tools for setting the basic standards and treasure tools for providing a low level of financial assistance is noticed. Early traceable records on the Government's support was the setting up of the Textbook Committee nominated by the Director of Education in 1952 for the curriculum in KGs, among other academic subjects at higher education level. Attention was paid to a wider scope to cover healthy growth of body and mind, personal hygiene, courteous speech, good manners and group living through activity-based learning (Education Department, 1952, p. 32). Comprehensive training for KG teachers was lacking. Refresher course was introduced at Northcote Training College in the early 1950s but the college's focus was on training unqualified staff for primary and secondary schools (Education Department, 1951, p. 28). The neglect to the problem of untrained staff continued until the early 1970s when a



milestone was marked by Education Department's setting up the more specialized Kindergarten Section in its Advisory Inspectorate which provided advice and the "Two-year In-service Training Course for Kindergarten Teachers" (Education Department, 1974; 1976). During 1973 to 1980, the involvement of the Advisory Inspectorate had been growing with the provision of training course, demonstration lessons, course for teachers of handicapped children, and the early versions of the Manual of Kindergarten Practice (Education Department, 1977). Overall speaking, the effect of Government's intervention through providing advice, training and information to enhance the quality of education was still on the low side.

***Government taking facilitator's role with little intervention by authority and treasure tools***

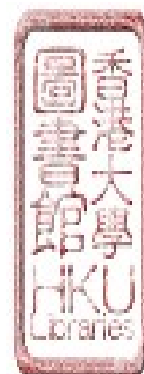
Except for the requirement to register with the Education Department, few regulations were in place to monitor the operation of KGs which almost enjoyed full autonomy. Inspections were randomly and sparsely made with only a handful of specialists and inspectors (Poon, 2008, p. 16). Supervision was thinly spread over hundreds of schools (Llewellyn, 1982). The Education Ordinance was not applicable to pre-primary education. Standard salary rates that had been applied to qualified primary school teachers since the 1950s (Education Department, 1953, p. 37) were not extended to KG teachers. As regards financial support, scholarships as the inducement to students to enter the teaching profession in primary and secondary schools were offered to university students;



however, no similar financial resources were allocated for the pre-primary education (Education Department, 1952). No financial assistance was provided for needy families who could not afford school fees. The only treasure tool used was the nominal rents charged to NPM KGs (Education Department, 1968).

### *Insignificant dynamics from civil society*

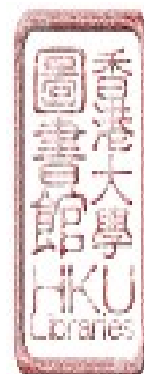
The Government's absence and neglect was also evidenced by the fact that until the late 1970s, none of the key educational reforms and initiatives covered pre-primary education. Fisher report in 1950 (Education Department, 1954) that concerned with the need to increase additional school places over a period of 7 years, better teacher training facilities, government grants to voluntary schools to cover capital costs, admitting more schools to the subsidy mode, extension of technical education, etc. did not touch on pre-primary education. During 1965 to 1979, the six Green Papers and White Papers on education issued to collect views and make proposals were only for primary to tertiary education (Hong Kong Government, 1981a, p. 3). Nonetheless, the lukewarm responses of the Government were not met with strong resentment in this period since the influence of stakeholders, trade unions or pressure groups in the civil society was weak. Voluntary agencies worked in co-operation with the Government with less efforts made on policy advocacy work. Since the late 1940s, as social demands and overcrowding problem arising from the rapid increase in population had been far beyond the capacity of the Government alone to handle, the Government had started to work in co-operation with the Hong Kong Teachers'



Association. Neighborhood Association, orphanages and Children's Playground Association joined in the provision of education (Education Department, 1949, p. 17-18; 1952, p. 33-34). It was until 1979 that the first pressure group called the Committee for the Improvement of Primary School Entrance Procedure was formed. It fought for removing the entrance procedure to minimize the pressure from examination imposed on children (Chan & Lam, 2003). Against the background of non-interventionist policy of the Government, insufficient influence of stakeholders in shaping policies and the absence of a focusing event, no policy window had been opened for the limited private provision and quality problem of the pre-primary education to emerge to the policy agenda.

### **Concluding comments**

The quantitative expansion in pre-primary education after the war was not taken care of by corresponding Government's attention. Perceiving pre-primary education as private goods, the Government only assumed a facilitator's role. Under the dynamics among the state, market and civil society, market had overwhelming dominance and KGs were all left to the control by private hands. Minimum intervention in the form of basic training, advice and regulations was taken despite the high demand and general awareness of its importance to children. It was until the alarmingly low percentage of trained teaching staff catching the attention in the late 1970s when more significant changes in the provision of pre-primary education occurred.





## Chapter 4

# Substantial Reforms to Pre-primary Education (1980s – 2005)

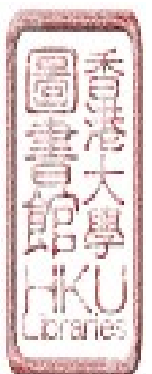
### Introduction

The interaction of nature of goods, governance approaches, policy tools and policy dynamics continued shaping the organization of public actions, leading to substantial reforms in the second stage between 1980s and 2005. There has been a major shift from the time of political neglect of pre-primary education since 1980s. One of the most determined efforts was to release the first official policy on pre-primary services in 1981, followed by the quality education movement emerged in the early 1990s. The Hong Kong Special Administrative Region (HKSAR) Government had even adopted a stronger intervention to pre-primary education than the colonial Government. The road to movement had to be situated within the nature of pre-primary education, choice of governance approach, selection of policy tools and the policy dynamics involving the change in political, administrative and socio-economic factors that formed the context of development in pre-primary education.

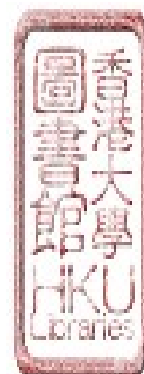
### **Consequence of consumption, accessibility and availability in terms of goods**

#### *Qualitative concern owing to toll goods*

The phenomenal expansion in pre-primary services in the early years put



considerable strain on the limited resources for ongoing availability. The provision of care and preschool services allows some level of demand for consumption. But as the exponential growth of demand continues, the toll goods nature of the pre-primary education is subject to crowding effects because of the capacity constraint. The rapid expansion in enrolment led to a quick deterioration of conditions and quality of pre-primary education which, as what described by Opper (1992), Wong & Rao (1999) and Pearson & Rao (2006), were poor physical environment, overcrowding, high teacher-student ratios and untrained teaching staff. Particularly, teacher qualification was a major concern as it is one of the key performance indicators in quality of schooling (Wong & Rao, 1999, p. 17). As class sizes increased, the proportion of qualified teachers decreased noticeably. It decreased even further as KG operators employed more untrained teachers in accordance with the increasing demand. Such condition was evident by the findings revealed from the official documents shown at Table 4.1. In the year of 1981/82, about 85.8% of the teaching staff were untrained in KGs. And almost half or even more than half of the private KG teachers were untrained throughout the 1980s and 1990s.



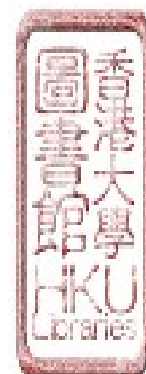
**Table 4.1: Distribution of teachers in KG by training**  
**(Figures in brackets denote the percentage distribution)**

No. of teachers	School year							
	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89
Trained	753 (14.2)	701 (13.3)	751 (12.7)	1,514 (24.7)	1,889 (27.9)	1,846 (24.6)	2,228 (29.2)	2,634 (35.0)
Untrained	4,563 (85.8)	4,571 (86.7)	5,145 (87.3)	4,625 (75.3)	4,880 (72.1)	5,659 (75.4)	5,400 (70.8)	4,898 (65.0)
Total	5,316 (100.0)	5,272 (100.0)	5,896 (100.0)	6,139 (100.0)	6,769 (100.0)	7,505 (100.0)	7,628 (100.0)	7,532 (100.0)
	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97
Trained	3,024 (42.4)	3,122 (42.0)	3,366 (44.2)	3,637 (47.2)	4,093 (51.5)	4,348 (53.6)	4,836 (58.7)	5,421 (64.3)
Untrained	4,114 (57.6)	4,307 (58.0)	4,248 (55.8)	4,068 (52.8)	3,857 (48.5)	3,759 (46.4)	3,396 (41.3)	3,015 (35.7)
Total	7,138 (100.0)	7,429 (100.0)	7,614 (100.0)	7,705 (100.0)	7,950 (100.0)	8,107 (100.0)	8,232 (100.0)	8,436 (100.0)

*Source: Hong Kong Government Secretariat (1981, p. 225); Census and Statistics Department (1997); Education Department (1981-1983, 1984a, 1985-1991)*

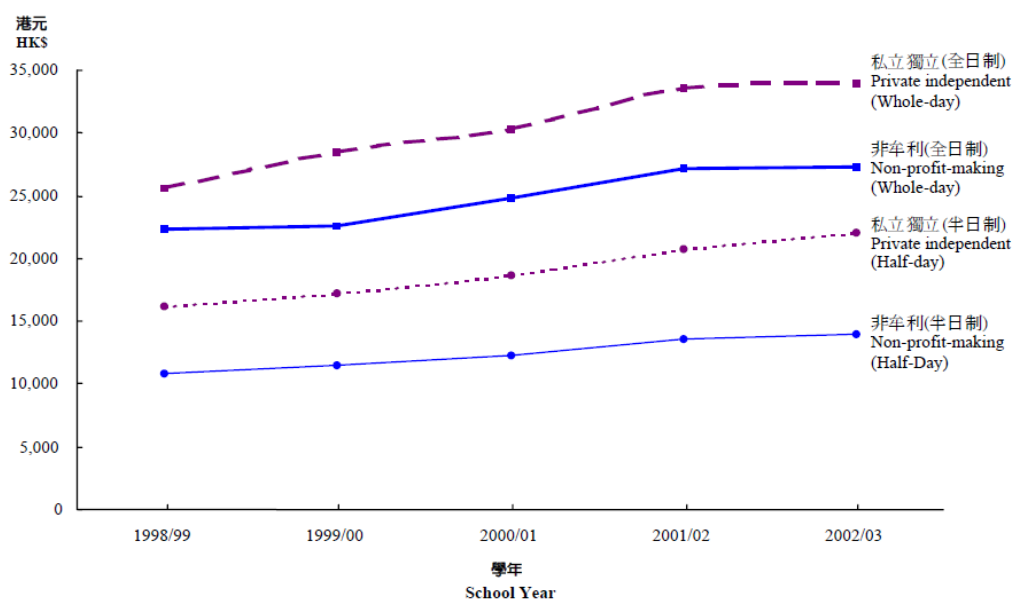
### ***Surging school fees in KGs from the tolls***

On the toll goods features of pre-primary education, school fees can be understood as barriers to its accessibility. KGs in Hong Kong have been privately run, they have enjoyed considerable autonomy in determining fee levels to be imposed on parents. In the 1990s, the average annual school fees per pupil continued to increase (Figure 4.1). Fees charged by KG operators increased from HK\$12,772 in 1998/99 to HK\$16,284 in 2002/03 (i.e. 27.5% increase) in HD sessions and from HK\$23,469 in 1998/99 to HK\$29,051 in 2002/03 (i.e. 23.8% increase) in WD sessions respectively (Census and Statistics Department, 2003a). In other words, the tuition fees of KGs had skyrocketed since 1997.

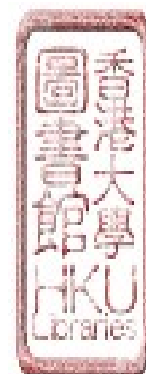


Evidence was also found that there was a tremendous variation in fees among types of KGs. According to the Census and Statistics Department (2003a), the annual school fees for HD sessions ranged from the lowest of HK\$2,976 to the highest of HK\$53,664, and those for WD sessions ranged from HK\$12,260 to HK\$71,247 in local KGs. As a matter of a toll, a high school fee would make pre-primary education less accessible to many families. Moreover, a significant difference in school fees seemed to exacerbate disparity in quality of educational service offered from school to school (Hong Kong Government, 1982, p. 42). Not surprisingly, KGs with popularity and reputation would charge higher school fees for offering more quality learning and teaching.

**Figure 4.1: Average annual school fees per pupil in KGs by type of KG (from 1998 to 2003)**

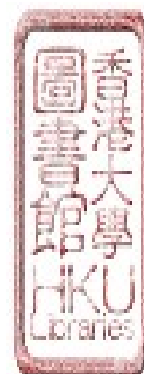


Source: Census and Statistics Department (2003a)



### *Universal basic education ascribed to public goods characteristics*

During this period, the negative impact on pre-primary education caused by the situation that KG operators had to raise tutorial fees to afford higher salaries for qualified teachers made their educational services less affordable to families. Pre-primary education within the private sphere is encouraged to manage on its own. Indeed, it is undesirable to children of poor families, leading to a distributional concern with access to preschool education among school-age children. The most notable factor has been the high levels of access to pre-primary education in Hong Kong since 1980s, which also reflects penetration characteristics to assess this basic trend. In Table 4.2, it shows that about 80% of children in Hong Kong aged 3 to 5 attended KGs. The gross enrolment ratio (GER) even attained 97% in the later stage. Pre-primary education was almost universal within the age group. Global advocates describe that early education is essentially connected with human rights, social equity and socio-economic needs for more working mothers and nuclear families, suggesting that provision of pre-primary services contributes to public goods which should not be allocated on the ability to pay. Public goods may be naturally available, but they can also be consciously made available. This sector should therefore make education for all contributing to the provision of universal basic preschool services, together with provision of resources to meet the needs of less able pupils (Hong Kong Government Secretariat, 1981, p. 94).



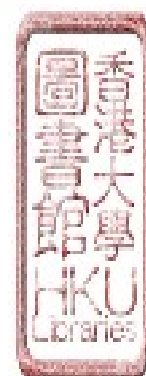
**Table 4.2: Enrolment and GER in KG**

KG	Year							
	1981	1986	1990	1992	1994	1995	1996	1997
No. of enrolment	200,426	231,610	199,466	189,730	180,109	180,317	180,771	177,462
GER*	83.1%	91.6%	86.0%	84.0%	81.0%	81.0%	78.0%	77.0%
	1998	1999	2000	2001	2002	2003	2004	2005
No. of enrolment	175,073	171,138	160,921	156,202	143,725	136,096	130,157	149,141
GER*	76.0%	76.0%	75.0%	80.0%	79.0%	79.0%	80.0%	97.0%
	2006							
No. of enrolment	140,783							
GER*	97.0%							

\* (as a % of the population in the age group corresponding to the number of students)

Source: Census and Statistics Department (1986; 2001; 2003b; 2005; 2007a)

In fact, it is difficult to isolate problems of accessibility from the availability issue which affects/limits access. The two aspects impinge upon each other in support of the basic ECE so that all children continue to have access. However, at a time soon after very rapid expansion, there were problems concerning the private provision. On the one hand, KGs were facing high operational costs including rent, rates, staff cost and quality enhancement. The burden of rentals which KGs had to pay for the premises was especially severe for NPM institutions outside public housing estates as they needed to afford high rent because of the rising property value. On the other hand, the declining birth rate increased competition among KGs. Table 4.2 also shows that the number of enrolment had started dropping since 1990. As KGs needed to compete with each other for students, less prestigious schools would have a comparatively hard time to survive. Moreover, at the turn of the 1990s, school operators were experiencing serious retention problems. The wastage rate of trained teachers stood at 22.9% at its



highest in 1989/90 and the lowest rate also reached to 11.1% in 1998/99 (Table 4.3). It was largely due to the problems of low salary levels to attract and retain qualified teachers in many KGs (Education and Manpower Branch, 1989). The high wastage rate in KG education was a problem. It highlighted the availability concern for supporting an open access to public goods.

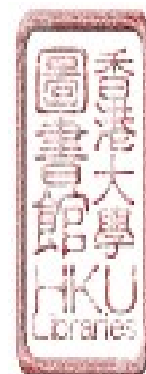
**Table 4.3: Wastage rate of trained KG teachers**

School year	Wastage rate (%)
1989/90	22.9
1990/91	22.3
1991/92	21.3
1992/93	19.8
1993/94	19.7
1994/95	15.9
1995/96	13.5
1996/97	13.7
1997/98	11.8
1998/99	11.1
1999/00	12.2
2000/01	13.9
2001/02	14.5
2002/03	12.8

*Source: Census and Statistics Department (1997); Yuen (2005, p. 365)*

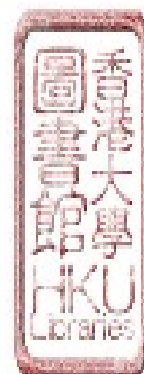
### **Regulated self-governance in pre-primary education**

From the 1980s onwards, pre-primary education was still largely market driven but there has been a tendency of government to increase its role of regulation due to the growing importance of early education. While attempting to cope with the issues brought by rapid service expansion in pre-primary services, the Government introduced more regulatory control on the operations of preschools



so as to improve the quality of early education in this period (Chan, Lee, & Choy, 2009, p. 76). Followed by the White Paper on Primary Education and Pre-primary Services issued in 1981, the first major regulatory moves were made. Subsequently, the Government imposed different regulatory measures on staff qualification, teacher/student ratio, pay scales, pre-schooling facilities and performance indicators for pre-primary institutions, etc. having regard to the recommendations of the Education Commission Report No. 2 (1986); Education Commission Report No. 5 (1992); Ad Hoc Subcommittee on Preprimary Education (1994); Report of the Reconstituted Working Party on Kindergarten Education (1995); Reform Proposal for the Education System in Hong Kong (2000); and Working Party on Harmonization of Preprimary Services (2002). Such initiatives reflect that the Government played a dominant role in regulatory arrangements.

Nonetheless, during the period of 1980s to 2000s, both the colonial and HKSAR Government have started to view ECE as important but still positioned it as the responsibility of the family and private sector, by stating that “to achieve an expansion of pre-primary education in accordance with demand, at a price that people can afford and offering a suitable range of facilities and programmes” (Hong Kong Government Secretariat, 1981, p. 198); “to promote the development of high-quality KG education in the private sector” (Governor, 1996, p. 92) and “to ask schools to strengthen their quality assurance and to be more transparent in their operations so that the quality of teaching will be enhanced” (Chief Executive, 2000, p. 59). As such, pre-primary education in Hong Kong has not been



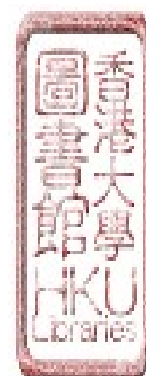


provided within the public sector but continued to be run by private and nongovernment organizations under the supervision of the Government. Being minimally supported, the Government had limited its involvement to providing financial assistance only to NPM school operators and needy families in lieu of full subsidy to the sector.

### **Changed toolbox for pre-primary education with public goods characteristics:**

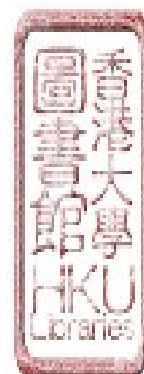
#### **First commitment in financial resources for equity of access**

This period of de facto universal pre-primary education is characterized by the increasing use of treasure tools by the Government. It started to make extensive use of financial subsidies to address the issue of equity of access to the services and ensure that no child was deprived of the education due to unaffordable school fees. A means-tested fee assistance scheme was first introduced in 1982 to enhance equity for children from low-income families to equally have an “early start” (Llewellyn, 1982, p. 43). Under the Fee Assistance Scheme for Pre-primary Services, the maximum rate of the financial assistance was capped at 30% of the threshold for the public assistance, the social security at that time, and the actual amount of subsidy was subject to household income. For example, the parents would get the maximum assistance, say HK\$287 in 1987, if the net household income was below a baseline of HK\$1,500 and would have to contribute 15% of the school fee if the household income was above the baseline (Oppen, 1992, p. 17). Nevertheless, the financial subsidy was regarded as inadequate by pre-primary groups who suggested relaxing the income ceiling



(Education Commission, 1986, p. 37). A new Kindergarten Fee Remission Scheme was introduced in 1990 to alleviate the burden of high tutorial fees due to KGs' recruitment of qualified teachers as required by the Government. Higher level of fee remission at 50% and 100% of the actual fees charged or the weighted average fee of NPM KGs, whichever was the lower, was offered (WPKE, 1995). The new scheme in 1990 also indirectly lessened the severity of the wastage of teachers from 19.4% in 1989 to 12% in 1991 (Education Commission, 1992, p. 37) as the KG operators could pay more to the teachers when the parents could afford higher tuition fees. Enhancements to the financial subsidy scheme were ongoing over the years. In the 2000s, the Kindergarten and Child Care Centre Fee Remission Scheme was introduced following the harmonization of the two types of institutions.

Substantial financial assistance was also provided to KGs operators. Early form of assistance was through the Rates and Rent Reimbursement scheme for NPM KGs, which consisted of full refund on rent and rates for water and electricity (Opper, 1992, p. 17). In 1994, a commitment of the injection of HK\$163 million for the professional development of KG teachers was announced in the Policy Address. The Kindergarten Subsidy Scheme for the operators was introduced in 1995 to improve the quality of KG education and to minimize the impact of fee increases on parents as a result of the implementation of new regulatory requirements comprising upgrading minimum academic qualifications of KG teachers to the level of HKCEE with two subjects at grade E and hiring at least 40% of trained teachers in each KG. The subsidy for the 1995/96 school



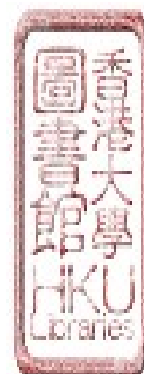
year was roughly 10% of the weighted average fee for HD NPM KGs for the 1994/95 school year. KGs applying for the subsidy must be charging fees below a cut-off point and fulfill certain conditions including meeting the requirement that 40% of the teaching staff were trained teachers and paying teachers according to the recommended salary (WPKE, 1995).

The treasure tools supported the provision and production of the pre-primary education financially, encouraged the KGs to gradually upgrade the quality and subsidized the needy families. The subsidies which increased the capacity of both the families and KG operators could easily gain the basis of consensus among the general public as the action or behavior being encouraged, which is the provision of accessible and affordable pre-primary, was desirable (Howlett, 2009, p. 109; Hood, 1983; Hood & Margetts, 2007, p. 99 & 151). Nevertheless, the increase in financial commitment did not fully satisfy parents and other stakeholders who demanded for converting KG education to the same subvention mode as the primary and secondary schools. This explains the ongoing demands for changes to be unfolded in later chapters.

### **Enhanced regulatory and advisory role under regulated self-governance**

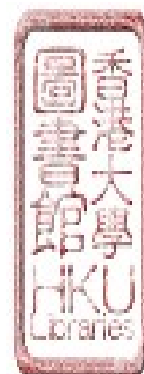
#### ***Authority tools: Control on staff qualifications***

The increased consumption of pre-primary education not only caused the crowding effects but also further exposed the long outstanding problem of untrained teaching staff. The Government set a target of 45% KG teachers



having been trained through attending a recognized training course by 1986 (Hong Kong Government, 1981b, p. 12). As revealed in Table 4.1, however, the percentage of trained teachers was 24.6% only in 1986. Therefore, apart from the use of financial resources, this period is also characterized by more intervention by the Government through regulations and an enhanced advisory role in the aspect of academic and professional qualifications of KG principals and teachers. The Government acknowledged that qualifications of staff needed improvement (Education Commission, 1986, p. 40) and more stringent regulatory measures backed up by financial assistance for higher operating costs were necessary (Education Commission, 1986, p. 40).

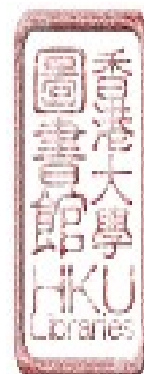
There had been loose control on the academic or professional qualifications of KG teaching staff partly due to the high demand for pre-primary education and partly owing to the retention problem caused by the unattractive career prospects. Starting from the early 1990s, KG teachers comprised QKT who had completed a two-year part-time training programme, qualified assistant kindergarten teachers (QAKT) who had completed a 12-week part-time training course and unqualified teachers who had not received any relevant training at all. Prior to 1995, there were no statutory requirements on academic qualifications for principals and teachers though principals had to be professionally trained and were usually QKT. The percentage of qualified staff was a recommendation instead of regulation, for example, the recommended 40% of QKT or QAKT by 1990 and 60% of QKT or QAKT by 1994 in the Education Commission Report No.2 (Education Department, 1986, p. 65). It is not until 1995 when concrete regulations were



launched. Since then, KG teachers and principals must have attained at least two passes in the HKCEE including Chinese and English. With effect from 2002, all new principals and supervisors should have completed a relevant sub-degree programme and all KG teachers and principals must have attained at least five passes in HKCEE including Chinese and English. With effect from 2003, all new KG teachers had to be QKT. By the school year 2004/05, 100% serving KG teachers must be QKT (Education Bureau, 2003) and by 2005, all serving principals and supervisors should have completed a relevant sub-degree programme. Tracing through the historical development, the goal of 100% trained staff was brought up in the early 1980s but had not been achieved until 2004 when more regulatory measures were taken and teachers were generally trained.

***Authority tools: Abolition of admission test***

Two other key initiatives are the abolition of competitive admission test to Primary 1 in the 1980s and the introduction of quality assurance mechanism in the 2000s. Against the argument from the education industry about the risk of turning all primary schools to mediocre, the Government removed the competitive tests for entry to primary schools in order to reduce the pressure on KG pupils. Such move was founded on the reason that little evidence was available to suggest that children of diverse backgrounds receiving education together would have negative impact on them. As a result, 35% unrestricted discretionary places and a maximum of another 30% restricted discretionary places in the schools' district



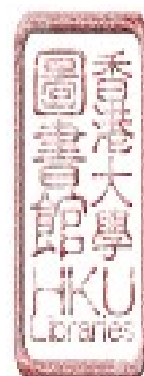
nets were given to the primary schools. The remaining places were centrally allocated (Hong Kong Government, 1981b). Nevertheless, professionals doubted the effectiveness in reducing the pressure. Competition indeed continued for the discretionary places by other methods, for example, academic attainment, additional musicianship and artistic training outside KGs, or moving house to another district net (Llewellyn, 1982) and thus the problem of pressure caused by competition remained largely unsolved.

#### ***Authority and nodality tools: Quality assurance mechanism***

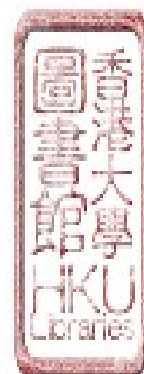
Quality assurance mechanism was first developed in 2000 with self-evaluation conducted by the educational institutions based on standardized performance indicators on the one hand and external evaluation with results shown in the Quality Assurance Inspection reports on the other hand. A complete set of performance indicators were produced in early 2004 for self-evaluation (Education Bureau, 2006). The mechanism facilitated creating a database for sharing good practices as well as serving as a mean for control on the KGs' performance (Poon, 2008, p. 19). Following the launch of the quality assurance mechanism, KGs' profiles and key operational details were released, facilitating parents to make the better choices (Poon, 2008, p. 19).

#### ***Nodality tools: Enriched manuals and guidelines***

In addition to the sharing of information for enhancing the quality of education in KGs enabled through the quality assurance mechanism, the use of



information-based measures was also seen in the enriched manuals and guidelines for setting the curricula and pedagogical methods as well as the improvement in training facilities. The contents of the Manual of Kindergarten Practice and Guide to the Kindergarten Curriculum were substantially enriched in the 1980s. The manual covered teaching principles, programme planning, recommended schedule, organization of space, furniture and teaching equipment. The guide specified five areas for designing the curriculum, which included social and emotional development, intellectual development, linguistic competence, aesthetic awareness and appreciation, and physical development and coordination. It recommended teaching principles such as a thematic approach which integrated learning around one central theme, for example, the Chinese New Year, and the use of mother tongue. The manual also proposed a balanced daily schedule with welcoming, cleanliness inspection, physical play, creative activities, language, number, music, snack, etc. (Education Department, 1984b; 1984c). Nevertheless, the space constraint faced by KGs did not allow the interactive teaching method and all-embracing daily schedule as recommended. Coupled with the unattractive employment terms and conditions offered to retain more well-trained teachers, didactic teaching method was still more commonly used (Opper, 1992, p. 19). Following changing demands, the Guide to the Kindergarten Curriculum was revised in 1993 and in the 2000s with the aim to promote a child-centered curriculum covering six learning areas including physical health and fitness, language, self and society, etc., in replacement of the academic-centered curriculum, which was ironically more favored by parents.

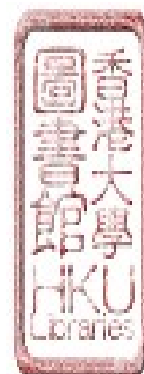


### ***Nodality tools: Enhanced training for teachers***

The availability of training for KG teachers has been enhanced to align with the changing academic and professional requirements. Expansion of training capacity for QKT and QAKT started in the 1980s (Education Commission, 1986, p. 46). Before 1994, the basic in-service training courses for KG teachers were provided by the Education Department. It was later principally organized by the Hong Kong Institute of Education (WPKE, 1995, p. 18). More diversity in training is seen with the certificate training programmes in 1980s upgraded to higher diploma programmes in the 1990s and the degree programmes in the 2000s.

### **Growing policy dynamics but yet to reinforce big changes**

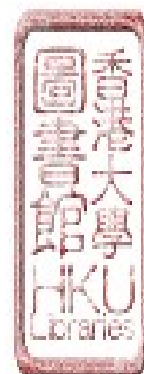
Since the late 1980s, more actions had been taken by stakeholders, policy advocates and interest groups to try to influence the policy outcome, partly under the impact of the global trend for quality and accountability (Rao & Li, 2009, p. 238), partly being the reaction out of the discontent having accumulated over many years. The policy dynamics arising from the interactions between them and the Government were obvious, considering the ongoing incremental changes made by the latter over the existing policies as discussed above. Scholars and Educators like Opper (1992) and Cheng (1998) had become more vocal towards the overall pre-primary education policy. Cheng (1998) highlighted the problem that since KG were self-financed largely based on tuition fees paid by parents,





teachers were mostly underpaid and under-qualified (p. 26). The Hong Kong Professional Teachers' Union had been demanding the Government to fully subsidize the salary of KG teachers, provide preservice training, provide financial assistance to support existing KG teachers' training needs and enhance the coverage of the fee remission since the early 1990s (HKPTU, 2006). Responding to the report by the Hong Kong Council of Early Childhood Education and Services, another leading advocate for the Government's full responsibility in ECE, together with the overseas research on the importance of ECE, the Governor announced in the Policy Address in 1994 the injection of HK\$163 million for KG teachers' professional training over four years (Rao & Li, 2009, p. 238). Alongside waves of campaigns and petitions such as the one-family-one letter campaign and meetings of KG principals and teachers (HKPTU, 2006), the accessibility and quality of pre-primary education had been gradually enhanced through more financial commitment, statutory requirements on trained teachers and better training opportunities provided to KG teachers, among others.

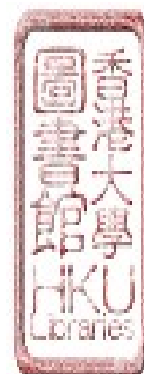
Though the incremental measures did not satisfy the demands in the society for substituting the privation operation with government subvention mode, the policy dynamics from the stakeholders and policy advocates were still not strong enough to affect the policy outcome. The overall socio-economic atmosphere in the 1980s and early 1990s did not give sufficient impetus for an important change. Nevertheless, the above circumstances set the scene for the future when the political and socio-economic environment reinforced the coupling of problem,



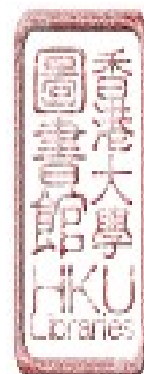
political and policy streams, in Kingdon's (1995) terms, to be discussed in Chapter 5.

### **Concluding comments**

Tracing through the evolution of policy tools during 1980s to 2005, increasing intervention by the Government in alignment with the change in governance approach from private self-governance to regulated self-governance is seen. Financial subsidies were put in place to lower the entrance barrier for achieving ongoing consumption and fair access with regard to the toll goods nature of education. The Government started to require disclosure of information in an attempt to correct information asymmetry and facilitate parental choice. Regulations to rectify possible negative externalities which increased the social costs borne by the whole society due to poor education were enforced. Nevertheless, the foundation of the provision of pre-primary education was still market-driven and the Government only took the necessary actions to regulate so as to ensure that a certain standard of the education was achieved and possible market failures, for example, exceptionally low quality education at an unreasonably low price offered to low-income families, did not occur. In policy-making, the Government framed pre-primary education as desirable but not essential by bringing up the controversies on its benefits and the results from the study conducted by authoritative institutions that students who had been through pre-primary education did not retain an intellectual or cognitive advantage over others in the long run (Education Commission, 1986, p. 38). This framing of



issue was to justify not including KGs into the aided sector and the absence of direct provision of education. Paradoxically, KG education has become de facto universal education and the pre-requisite for children to enter primary schools in Hong Kong since the 1980s. The Government was obliged to ensure that no child was deprived of the chance of attaining such education (Education Commission, 1986, p. 39) in the 1980s and later on, from the 1990s onwards, fair access to quality education. To cope with the demand and discharge its obligation, efforts to reform through incremental measures based on feedbacks and non-achievements of goals were taken to fine-tune the existing policies, especially in the areas of financial subsidies, teachers' professional development, curricula and pedagogical methods and QR. However, these measures still failed to solve the problems about the education quality, qualifications of teaching staff and career prospects and the dynamics from the stakeholders were still not strong enough to give a push. It is until 2006 when the Government took a revolutionary step to introduce the PEVS in 2006. For the first time, the Government assumed a markedly active role compared with the past by creating a market with new ecology, among other interventions. At this turning point, the focus was shifted to stronger treasure tools and regulations.



## Chapter 5

# Pre-Primary Education Voucher Scheme (2006 – 2016)

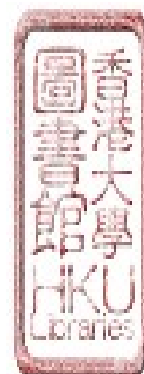
### Introduction

The Government had been supplying 9-year free primary and secondary education since 1978 but leaving pre-primary education to private provision so far despite public requests for 15-year free education<sup>2</sup>. Over the years, there was a lack of official policy or monetary commitment deployed to the pre-primary education even up to the early 2000s. A breakthrough in 2006 occurred when the Government dramatically announced the introduction of PEVS (the Scheme). The PEVS was subsequently launched in the school year of 2007/08 with an increase of investment and commitment in pre-primary education that direct and universal fee subsidy through a voucher would be provided to parents. The PEVS aims at offering all children affordable and accessible quality education offered by KGs equipped with well-qualified teaching staff and also increasing KGs' accountability (Education and Manpower Bureau, 2006; Legislative Council Secretariat, 2006b; Li, Wong & Wang, 2010).

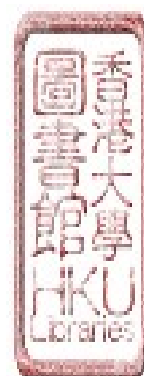
While the officials mentioned that considerable consultations had been made with the stakeholders since 2005 for formulating the PEVS (Legislative Council Secretariat, 2006c, p. 18-19), few relevant records of public consultations

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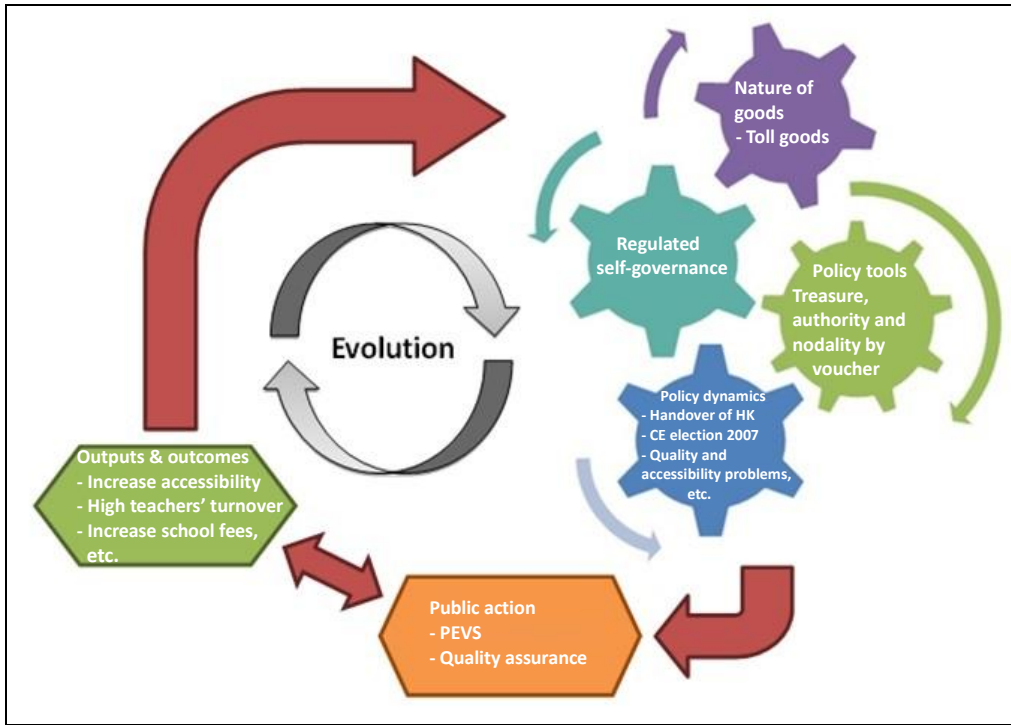
<sup>2</sup> The 12-year free education with extension to senior secondary education has been provided since 2008/09.



or deliberation were documented to explain the change in thinking and actions. We thus examine the political and socio-economic development in Hong Kong to understand the factors leading to its introduction. The empirical findings suggest that the revolutionary launch of the PEVS actually did not come all of a sudden but was a policy outcome developed through policy dynamics which can be elaborated by the three major forces as argued by Kingdon's (1995) three stream theory. The breakthrough in policy direction under the impact of significant policy dynamics induced the opening of policy window for implementing a new policy (the PEVS) to solve the problems associated with pre-primary education. The policy dynamics at this phase of development indeed played a leading force, following the analytical framework in Chapter 2 with a retailed order in a multi-dimensional manner at Figure 5.1, interactively causing and resulting in the subsequent changes to the thinking and actions of governance approach and policy tools based on the characteristics of the nature of goods and services, among other factors. In this connection, it is justified to examine the policy dynamics first in the chapter for explaining the overall trend of the policy changes leading to this phase of development.



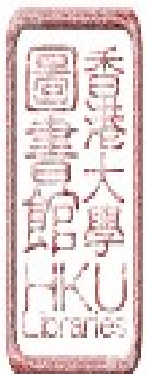
**Figure 5.1: Illustration of interactions among factors in multi-dimensional manner**



**Significant political changes as stimulus for new policy agenda**

*A turbulent political stream after the handover*

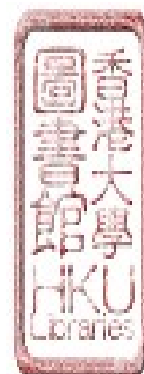
Politically, Hong Kong faced a drastic change in the political environment during the period from the 1980s to 2006 before the launch of the PEVS. It was the period during which Hong Kong’s sovereignty was returned to the Mainland China. Hong Kong was formally handed over to the People’s Republic of China (PRC), changing from a British colony to the HKSAR of the PRC on 1 July 1997. As a result, the Government, on the one hand, has a higher level of autonomy than before; on the other hand, it is necessary for the Government to plan ahead for its



own long-run socio-economic and manpower development, especially in the area of education, so as to increase its competitiveness in face of the challenges of globalization. Indeed, there were genuine needs from political perspective that the Government had to do something to restore confidence of the public and political stability during the period immediately after the change in sovereignty.

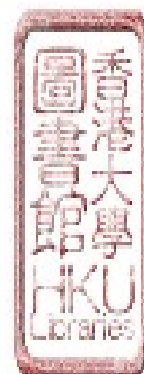
Realizing that human capital was one of the important factors to successfully establish a knowledge-based and technology-intensive economy, Mr. Tung Chee-hwa, the CE, at his first Policy Address in 1997 mentioned that Hong Kong needed to “decide how it (our education system) should develop into the next century” (Tung, 1997; Chan & Chan, 2003). With the blessing made in the Policy Address, the Education Commission then conducted a comprehensive review on the arrangement of all major education sectors, including the pre-primary education, in 1999 which led to the Education Reform in 2000. The importance of the role of ECE was recognized for the first time as the foundation for lifelong learning (Education Commission, 2000; Chan & Chan, 2003).

Apart from the commitment of the Government to invest in pre-primary education after the handover, the social discontent in the early 2000s also built up the momentum for change. The 1 July 2003 massive protest against “Article 23” legislation with the participation of an estimate of 500,000 people made a remarkable impact on the political atmosphere. The march gave a strong signal of social unrest. What’s more, the general public started realizing the importance of exercising their civic rights to press for the Government’s actions to address



their concerns. The Government's authority was inevitably weakened (Chan & Chan, 2007; Cheung, 2011). Furthermore, under the fiscal policy and the designs of taxation system in Hong Kong, according to Wong & Yuen (2012), the major tax redistribution is from the middle class to the lower class. Suffering from a lack of financial assistance from the Government but paying relatively large portion of taxes, the middle class's resentment was thus accumulated. The voices of opposition parties made the Government realized that it had to do something for the public, especially for the middle class by some sorts of policy tools in non-means tested nature, so as to relax the social tension.

The generous policies in the neighboring Macao justified the demand for commitment from the Government in KG education. According to Wong (2013), when the Macao Special Administrative Region announced their plan for providing free ECE in 2005 (Macao Government Information Bureau, 2005), some Hong Kong citizens benchmarked it and asked for the same. They suggested that the HKSAR Government should substantially increase investment in promotion of quality pre-primary education. When Mr. Donald Tsang planned to contest for the CE election of 2007 and looked for new policy initiatives to strengthen his re-election prospects in 2006 (Wong, 2013), the PEVS became one of the sweeties he could give to the public for gaining support. All of the above circumstances attributed to the formation of a political stream which coupled with the policy stream and problem stream to be discussed in the following sections, causing a revolutionary development in pre-primary education with the concrete proposal announced at Tsang's Policy Address in 2006.



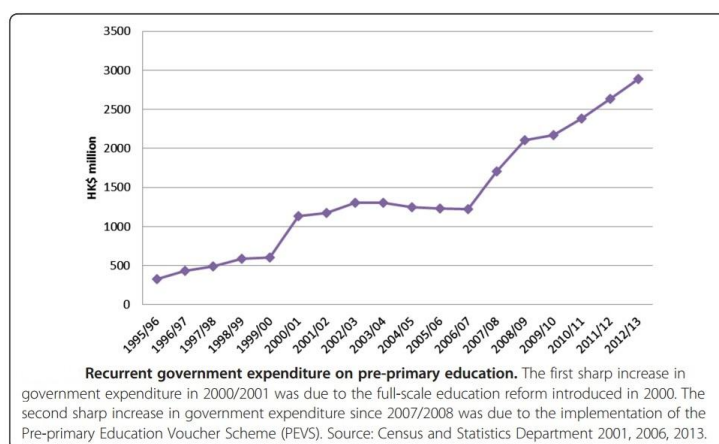


### *A policy stream with absence of attention and commitment*

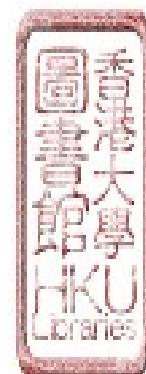
Since 2000, the Education Bureau has recognized that pre-primary education plays an important role as the foundation for lifelong learning of the children (Education Commission, 2000). It is no doubt that the Government recognized the importance of pre-primary education as revealed in the Education Reform conducted in 2000 with several major regulatory measures put in place. For instance, starting from the 2001/02 school year, new KG teachers had to possess the qualification of five passes in HKCEE, including Chinese and English subjects (Education Commission, 2000; Wong & Rao, 2015 p. 6).

According to Wong and Rao (2015), there has been an increasing trend in allocation of financial resources to the pre-primary education since 2000 (Figure 5.2).

**Figure 5.2: Recurrent government expenditure on pre-primary education (from 1995-96 to 2012-13)**



Source : Wong & Rao (2015, p. 5)



Education as a whole has been taking a substantial proportion of the Government's recurrent expenditure. Taking 2005-06 as an example, the expenditure on education was 23.8% out of the total recurrent government expenditure of HK\$226,521 million (Figure 5.3).

**Figure 5.3: Government expenditure on education in 2005-06**

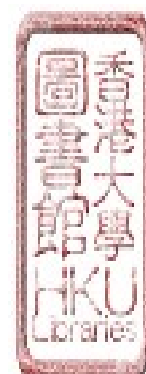
	Financial Year (April-March)		
	2001-2002 (1)	2005-2006	2006-2007(2)
Total expenditure (HK\$ million)	52,676	53,911	53,053
As percentage of total government expenditure (%)	22.0	23.8	23.3
As percentage of Gross Domestic Product (GDP) (%)	4.1	3.8@	3.6@
Recurrent expenditure (HK\$ million)	46,688	44,190	44,873
Spent on (%)			
Primary education	22.3	23.4	22.9
Secondary education	33.9	36.3	36.5
Tertiary education	30.7	28.2	28.3
Others <sup>(3)</sup>	13.1	12.1	12.3

Notes: (1) Expenditure figures of 2001-2002 have been adjusted to conform with the policy grouping adopted in 2006-2007.  
(2) Revised estimates.  
(3) Figures include government recurrent expenditure on kindergarten, special education, adult education courses run or funded by the Education and Manpower Bureau (formerly Education Department), vocational education courses run by the Vocational Training Council and departmental support.

Source: Education and Manpower Bureau, Government Secretariat.  
(Enquiry Telephone No.: 3540 7454)

*Source : Information Services Department (2007)*

In fact, the Article 107 of the Basic Law stipulates that HKSAR Government shall set conservative financial budgets, keeping expenditure within the limits of revenues and avoiding deficits. Prudent financial management has been employed to contain the size of public sectors, including education services, so as to maintain sufficient fiscal reserves. Moreover, guided by the laissez-faire approach for public administration, the Government's spending on education, including pre-primary service, was kept at about 22% of the total public

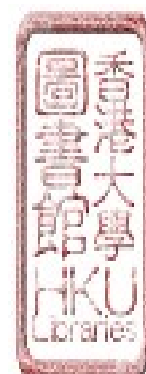


expenditure over the period from 2000-01 to 2005-06 (Table 5.1) (Information Services Department, 2002-2007). The total expenditure in education was only about 3.8% of the Gross Domestic Product in 2005-06 (Figure 5.3). Amongst them, only about 2.8% of the education spending was allocated for ECE in 2005-06 (Audit Commission, 2013). The small percentage reflects that the Government actually paid minimal attention with limited financial resources used for pre-primary education development (Table 5.2).

**Table 5.1: Recurrent government expenditure on education (from 2000-01 to 2005-06)**

<b>Financial year</b>	<b>Total recurrent government expenditure HK\$ (million) (a)</b>	<b>Recurrent expenditure on education HK\$ (million) (b)</b>	<b>Percentage (b/a)</b>
2000-01	198,619	44,250	22.3%
2001-02	210,445	46,244	22.0%
2002-03	211,728	46,992	22.2%
2003-04	211,102	46,420	22.0%
2004-05	205,426	44,802	21.8%
2005-06	200,710	44,190	22.0%

*Source : Information Services Department (2002- 2007)*



**Table 5.2: Recurrent government expenditure on pre-primary education  
(from 1995-96 to 2014-15)**

<b>Financial year</b>	<b>HK\$ (million)</b>
1995-96	564
1996-97	739
1997-98	864
1998-99	993
1999-00	1,044
2000-01	1,133
2001-02	1,176
2002-03	1,304
2003-04	1,301
2004-05	1,246
2005-06	1,232
2006-07	1,226
2007-08	1,709
2008-09	2,106
2009-10	2,169
2010-11	2,379
2011-12	2,637
2012-13	2,824
2013-14	3,055
2014-15	3,484

(remarks: figures include expenditure on KGs only )

*Source : Census and Statistics Department (2006; 2007b; 2008; 2009; 2010; 2011; 2015a)*

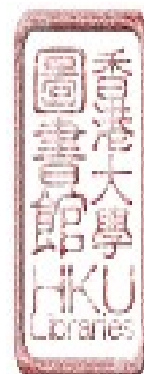
The main reason underlying the allocation of little financial resources to pre-primary education was that the Government still positioned pre-primary as the responsibility of the family and private sector. The Government's commitment in other levels of education was evident by the provision of 12-year free primary and secondary education since the 2008/09 school year. In contrast to an



insignificant amount of 2.8% out of the total expenditure on education allocated to ECE in the financial year 2005-06 (Audit Commission, 2013, p. 3), 23.4% and 36.3% of the total expenditure went to primary and secondary education respectively (Figure 5.3). The lack of public policy and financial commitment posed a further constraint in the pre-primary education development which directly and indirectly generated and reinforced the associated problem stream.

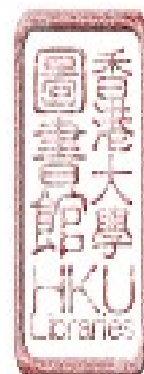
***A dynamic problem stream with multiple problems: Tuition fees, quality and staff retention***

Owing to the extremely limited governmental funding allocated to the pre-primary education up to the early 2000s, the KGs did not have much financial support from the Government and had to rely on parents and private investors to recover the operating costs. Parents, in general, had to bear the financial burdens themselves for their children attending pre-primary education. As the parents had to pay the tuition fees, they asked for the Government's support for accessibility to high quality education. Apart from the low-income families, even the middle-class, who suffered the most from the financial loss due to negative equity caused by the Asian Financial Crisis, also claimed that they were always not entitled to enjoy any public welfare benefits whereas they were taxpayers. They thus strongly asked for free pre-primary education or other sorts of subsidies from the Government with reference to other developed countries' good practice for equality and availability in ECE.



Besides the lack of financial support to parents, there were concerns and discontent with the loose control over pre-primary education institutions, particularly the education quality and school fee, and the problems of financial transparency. With regard to quality, parents pressed schools for formal academic train-up instead of all-round development for their children since parents were eager to get the children “to win from the start”. The problem with quality became worse as some KGs overloaded curricula with too much emphasis on academic training to meet parents’ preference (Li et al., 2010). In addition, due to keen competition for the limited places in brand-named primary schools, parents sought after the KGs that provided a greater chance for their children to be admitted to reputable primary schools, which always charged high tuition fees. Financial burden of pre-primary schooling limits the accessibility to quality education, giving rise to the issue of equity and fairness in access. Even worse, as revealed from Consumer Council’s survey conducted in 2000, 40% parents interviewed were not aware that about 27% of the tuition fees had gone to various items or exercises regarded as not worthwhile (Consumer Council, 2000; Li et al., 2010).

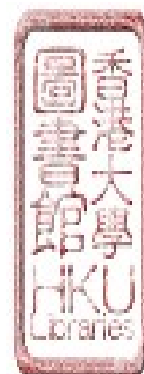
From the service providers’ perspective, as KGs in Hong Kong were privately run with low level of financial support from the Government, they were not able to recruit and retain qualified and professional staff. In 2005, only 23.8% of KG teachers and 12.8% of principals had attained a diploma and a degree respectively (Education and Manpower Bureau, 2006; Wong, 2013). As a result, those teachers with insufficient academic training and teaching skills could



hardly realize the ideas of the Education Reform (Li & Rao, 2005; Li et al., 2010). As private independent (PI) KGs tried to minimize the costs of operation, low salaries and small amount of teaching aids were offered to the teaching staff (Li et al., 2010). The problems about quality and retaining good teachers were thus further intensified.

The problems of high tuition fees, lack of financial transparency and quality issues were commonly found in NPM KGs as well as profit-making KGs (Li & Rao, 2005; Li, Wong & Wang, 2008; Li et al., 2010). Studies revealed that there were problems of affordability, accountability and accessibility to quality pre-primary education. In fact, according to Chou (2013), the problematic pre-primary sector with lack of transparency made the parental choice ineffective.

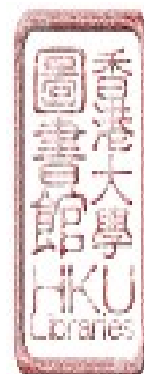
The annual QR reports of 2002 to 2004 continuously revealed the problems with strong criticism on the unsuitable teaching exercises and excessively loaded curricula of KGs (Education and Manpower Bureau, 2002 - 2004 ; Li et al., 2010). At last, feedbacks received from the public in the regular observations and reviews on Hong Kong development made the policy administrators aware of the problems leading to restructure. According to Chou (2013), the identified problems drew the Government's attention to justify its intervention in the private market with the introduction of the PEVS as a solution to deal with the problems through more regulatory measures imposed on the KGs so as to ease the public dissatisfaction on the loose control of the sector.



### *Opening of policy window with policy entrepreneurs' pet solution*

The policy entrepreneurs seized the opportunities for launching the new policy with drastic changes from the past at the point the three streams coupled together. When the stakeholders, including the educators, parents, and advocacy groups, persistently urged that it was the obligations of the Government for providing pre-primary education, the Government was under pressure to alter its laissez-faire approach and started to intervene through more strategic means in the aspects of teachers' qualifications and accountability of the schools in order to enhance the affordability and accessibility to quality pre-primary education. One of the movements and incidents causing the opening of policy window was the social campaign initiated by the Hong Kong Professional Teachers' Union in 2005. The union pressed for the Government's financial support with subsidies to the pre-primary sector (Chou, 2013). In view of the great pressure for reform of the sector, the Government promised to play a more active role (Li et al., 2010) leading to the subsequent adjustment in the governance approach and policy tools.

The socio-economic situation was conducive to a favorable environment for the CE Mr. Donald Tsang to put forward the PEVS as the feasible pet solution for pre-primary education problems in 2006. The fertility rate was low and it had been persistently falling since the early 2000s (Table 5.3). The ageing problem was imminent as the proportion of those aged 65 or over was increased to 12.1% in 2005 (Census and Statistics Department, 2005). Sufficient financial back-up also made policy reform on pre-primary education possible. There was nearly





HK\$369 billion fiscal reserve in 2006-07 (The Treasury, 2007), which made it financially feasible and sustainable for the Government to increase its investment and commitment in pre-primary education.

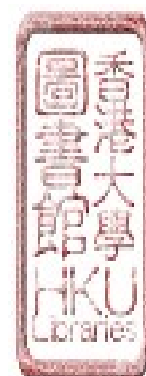
**Table 5.3: Total fertility rates in Hong Kong (from 2000 to 2005)**

Year	Number of live birth per 1,000 women
2000	1,032
2001	931
2003	941
2003	901
2004	922
2005	939

*Source: Census and Statistics Department, 2015b*

At the critical time when the three political, problem and policy streams coupled together in 2006, Mr. Donald Tsang as the policy entrepreneur, announced the implementation of the unique PEVS in September 2007 (Chief Executive, 2006), which served as the solution for the inadequate teachers' professionalism, increasing parents' expectations. Policy dynamics in the political stream, policy stream and problem stream, finally turned the earlier absence of official policy supporting ECE under private self-governance into a regulated self-governance approach with a finance-based treasure tool using financial resources to influence behavior, finally leading to significant changes in the pre-primary education.

To conclude, PEVS was dramatically put on the government decision agenda as a policy solution to address the pressing socio-economic problem

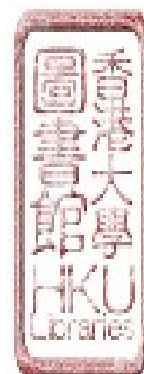


(problem stream) and served as political and policy exigencies (for political stream and policy stream) when the three streams joined together at a critical time. Kingdon's (1995) three stream theory was demonstrated throughout the course of development at macro-level that the policy dynamics induced and interacted with policy tools and governance approaches which are further discussed in the following sections.

### **Consequence of accessibility and availability under PEVS**

#### ***Voucher in relieving the toll***

The PEVS does not require a means test and the voucher value is a flat rate without the need to consider family income. In 2007/08, the voucher value was HK\$13,000 per student per annum (pspa) and it has been progressively increased to HK\$23,230 pspa in 2016/17 (Table 5.5). A key requirement on KGs joining the Scheme is that they have to be NPM. The voucher subsidy benefits parents through reducing their financial burdens to afford pre-primary education. It enriches their choices through sufficient financial resources, bringing about improved accessibility of the children to quality education. The Scheme, to a great extent, removes the barriers of access to goods and services. It ensures that no children will be deprived of pre-primary education by removing the barrier created by the toll of the goods and services in needy families as the voucher allows their accessibility to pre-primary education offered by NPM KGs. The non-means tested voucher also enhances fair access to quality pre-primary

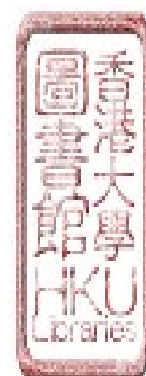


education for middle-class families. The financial fee subsidy tries to guarantee the choices of most NPM KGs under the Scheme even though in some of the KGs, the families still need to cover the difference between the school fee and voucher value. The participation rate of students joining the PEVS during 2013/14 to 2015/16 are steadily maintaining at 75% (Table 5.4). Having increased the overall “purchasing power”, hence accessibility and affordability across all social classes, competition in the market is intensified and poorly performing KGs are forced to change with quality enhancement. The change in market ecology by the voucher will be further discussed in the sections about policy tools.

**Table 5.4: Participation rate of students joining the PEVS in recent school years**

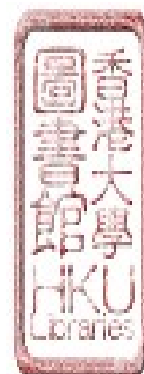
		<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
<b>Students of Local NPM KGs joining PEVS</b>	<b>Rate</b>	<b>75.6%</b>	<b>75.3%</b>	<b>75.0%</b>
	<b>Number</b>	<b>128,388</b>	<b>132,829</b>	<b>139,127</b>
<b>Students of Local NPM KGs not joining PEVS</b>	Rate	6.7%	6.7%	6.4%
	Number	11,320	11,905	11,820
<b>Students of PI KGs</b>	Rate	12.3%	12.5%	11.3%
	Number	20,897	22,021	20,988
<b>Students of Non-local KGs</b>	Rate	5.4%	5.5%	7.3%
	Number	9,238	9,642	13,463
<b>Total of all students concerned</b>	<b>Rate</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
	<b>Number</b>	<b>169,843</b>	<b>176,397</b>	<b>185,398</b>

*Source: Education Bureau, 2016a (Reply Serial No: 24 & 190)*



The financial assistance under the PEVS is bundled with a series of controls and regulations set by the Government intentionally. KGs as the service providers can choose to join the Scheme or not. If they join, they have to be or convert to be NPM KGs and their school fee will be capped by the ceiling set by the Government. Under the Scheme, they are subject to a set of regulatory measures aiming at enhancing quality education. As revealed in Table 4.2 in Chapter 4, the access rate among children at the age of 3 to 6 years old has reached to as high as 97% since 2005, representing universal KG education and indicating that its attainment is not the key problem. The key point that the Government has to address is the way to ascertain quality education is being provided. Two important areas with enhanced control under PEVS are teachers' qualifications and accountability of the schools in the aspects of financial transparency and curriculum. Together with the market force that the service providers have to compete for students, children's accessibility to quality education has been advanced.

Through setting the eligibility criteria for joining PEVS, the Government has the flexibility in affecting the access to the toll goods bearing public goods nature and who will be the eligible service providers, who are NPM KGs in the present case. The Government also becomes justified for more intervention to the private market through imposing more control on KG operators who choose to join the Scheme to be elaborated below.

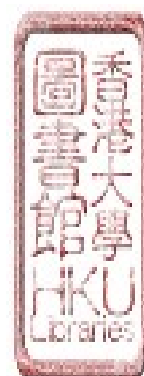


### *Regulated self-governance with an increased extent of regulatory controls*

According to the estimation made by the Government at the time of introduction of the PEVS, out of the total recurrent expenditure on education, the share of expenditure on pre-primary education would increase from about 2.4% to about 6.3% (Education and Manpower Bureau, 2006). The significant investment in pre-primary education through the PEVS indicates the Government's increasing commitment to professionalize this field (Fung & Lam, 2009).

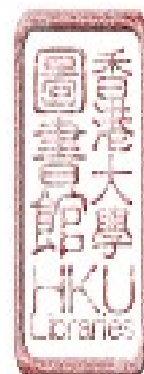
Nevertheless, the Government still considered pre-primary education as private in nature, taking the role of a regulator and facilitator in pre-primary education, leaving KGs in Hong Kong continuously to be run by the non-public sector. The Government selected to provide parents with financial subsidies (through the voucher) so as to relieve their financial burden, and simultaneously imposed regulatory measures on KGs for quality assurance rather than using those rules or commands typically integrated into the conventional subvention model (Education and Manpower Bureau, 2006).

Regulated self-governance with an increased extent of regulatory controls was exercised alongside the implementation of the PEVS. The participation of policy actors, including the bureaucrats and KG operators, took place on the basis of clearly formalized procedures while the Government played a dominant role in final policy decision and regulatory arrangement. The Government set the benchmarks and criteria for teacher-student ratios, teacher qualifications; it issued



curriculum guidelines centering through the Quality Assurance Framework for fulfilling the requirements under the quality assurance mechanism. KGs joining the Scheme would undergo the QR process and become more transparent as they were required to disclose their profiles and data indicating their performances under the mandatory quality assurance mechanism. In this way, parents would choose with greater autonomy for the right service providers with an easy access to the school evaluation results (Poon, 2008, p. 18).

While the Government emphasized the requirement for self-assessment through the QR evaluation, a portion of the substantial financial resources was allocated for the development of teaching staff so as to upgrade the qualifications of all KG teachers to meet the teaching needs (Rao & Li, 2009). Indeed, a portion of the voucher value was clearly designated to subsidize KG principals and teachers for training development in the first four years of the Scheme. During 2007 to 2011, the subsidy was divided into two parts with one part for school fee whereas another part for teacher development (Table 5.5) for achieving two policy outcomes. Firstly, teachers of the KGs had to be well equipped by 2011/12 school year through being a holder of C(ECE). Secondly, starting from 2009/10 school year, all new principals must be degree holders of ECE with one-year post-qualification experience, whereas the existing ones had to finish the certification course, C(ECE), before the end of 2011/12.



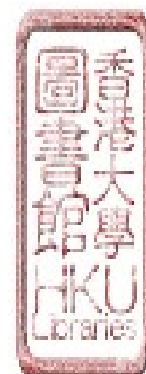
**Table 5.5: Voucher subsidy for school fee and teacher training development  
pspa**

School year	Subsidy for school fee	Subsidy for teacher training development	Total voucher amount HK\$
2007/08	10,000	3,000	13,000
2008/09	11,000	3,000	14,000
2009/10	12,000	2,000	14,000
2010/11	14,000	2,000	16,000
2011/12	16,000	0	16,000
2012/13	16,800	0	16,800
2013/14	17,510	0	17,510
2014/15	20,010	0	20,010
2015/16	22,510	0	22,510
2016/17	23,230	0	23,230

*Source: Education and Manpower Bureau, 2007, p. 7; Legislative Council Secretariat, 2006b and 2014; Student Finance Office, 2016*

To advance the professionalism of the sector and assist KGs in meeting the requirements on teachers' qualifications under PEVS, the Government in March 2007 further provided the School Development Grant to the KGs for enhancing the school's teaching facilities. Each KG could apply for a maximum of HK\$500 per student capped at HK\$135,000 per school (Education and Manpower Bureau, 2006).

The Government used the Scheme to tackle the problems in relation to education quality and accountability, rectifying the problems which had arisen from the previous lack of control. According to Chan & Chan (2003), as the KGs' operation was mainly driven by the market force, they did not have the incentive to give a high salary to trained pre-primary teachers as they always tried



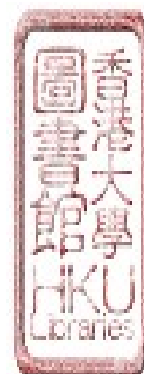
to keep the operating cost as low as possible. Through the PEVS, the Government avoided direct control on the operations of the KGs as it would most probably lead to a large degree of reform which might not be acceptable to the stakeholders. To get around the opposition and the large amount of resources on administration entailed by an interventionist approach, the Government used PEVS to achieve the goal to strengthen control. For example, according to Wong (2013), the PEVS tied service quality to the Government's set benchmarks based on the Quality Assurance Framework rather than giving the market force a free hand to influence the overall service quality in the industry.

### **Effects of voucher and quality assurance measures as policy tools**

#### ***Increased financial ability of parents with accessibility***

Under the Scheme, direct fee subsidies are given to parents who select NPM KGs for their children as per their preferences. The parents then use the vouchers to redeem pre-primary education services. The voucher subsidy in 2007/08, the first year of implementation, was HK\$13,000 pspa. It has been progressively increased to HK\$23,230 pspa in 2016/17 (Table 5.5). The voucher allows the vast majority of parents to have financially free access to most of the KGs. Parents only need to pay for the difference just in case the tuition fee of their selected NPM KGs exceeds the voucher value (Legislative Council Secretariat, 2006b).

With the use of different policy tools under PEVS, the ecology of the market

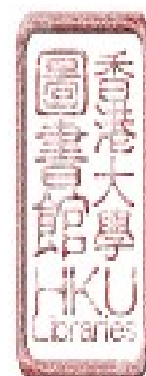




has been changed to a certain degree. They have incentivized desirable behavior in the free market. To describe PEVS according to the categorization of instrument families initiated by Hood (1983) and Hood & Margetts (2007), and further discussed by Howlett & Ramesh (2003), the PEVS constitutes a hybrid tool with the treasure-based instrument transferring financial resources to the parents and KGs, authority-based tools regulating the professional competency and information-based tools facilitating parents to make better choices after KGs' information and evaluation results have become transparent. The tools attempt to incentivize desirable behavior of the stakeholders and policy actors including parents, teaching staff and KG service providers for achieving policy goals (Howlett & Ramesh, 2003), that is, allowing children to access quality and affordable pre-primary and making the KG operators to be accountable for their performance.

***Enhanced transparency with accessibility to quality education***

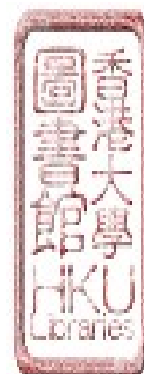
Given more financial ability and knowledge about individual KGs, parents have more and better choices whereas KGs have to compete for children. KGs can no longer divide the market share among themselves between KG education with low quality at low price and that with high quality at high price. Theoretically, it follows that KGs with poor performance due to lack of financial resources have to either join the Scheme to survive and be subject to more control, or be filtered out. The emphasis on the need to keep the public informed of the external and internal evaluation results also creates the market force for improving and guaranteeing



the pre-primary education quality to be up to a certain standard. The overall change is beneficial to children for having quality education, teaching staff for being upgraded in their profession and the KG operators for having the ability to provide better employment terms and retain qualified staff. The community as a whole has gains from the positive externalities of shared values, cultural benefits and social coherence when individuals receive quality education (Chou, 2013) and an educated workforce permits new technologies to be introduced for raising competitiveness in a society, etc (Poterba,1994).

***Inadequacy of policy tools induced unexpected policy outcome***

However, due to the voluntary nature of PEVS and its intrinsic inadequacies, unintended consequences have occurred. The created market force has not done everything needed for the reform of the pre-primary education sector. Stakeholders actually think that the Scheme has unintentionally disrupted the original market. The PI KGs with reputation have subsequently found that they do not need to join the Scheme for survival because well-off families are not attracted to the voucher which confines their choices to NPM KGs when reputable PI KGs are still their first priority. With sufficient demand, the PI KGs can even charge a higher fee than before to maximize the profits. Besides, some KGs in the Scheme have managed to avoid the constraint of school fee ceiling by charging a large amount of miscellaneous fees. Some KG teaching staff have left the sector due to the heavy administration work incurred by the quality assurance mechanism. These unintended results have triggered an on-going

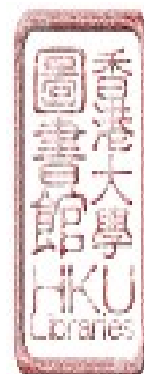


evolution of the policy design in the aspects of the monetary assistance and quality assurance mechanism, causing changes to policy outputs and outcomes, ultimately bringing about an earlier review on the effectiveness of the Scheme. The evolution is further discussed in the following section.

### **Policy dynamics causing continuous adjustments to policy**

#### ***Discrimination against private KGs***

Voices and feedbacks from the stakeholders had been on-going, adding new inputs to the policy design at the operation and administrative level creating policy dynamics which had catalyzed the demand for further changes to the governance approach. Originally, the Government did not plan to subsidize and include the PI KGs into the Scheme because the Government considered that there was no ground to use taxpayers' money to assist profit-making organizations running their business. Nevertheless, strong opposition groups' voices and dissatisfaction followed right after the announcement of the Scheme because many parents had already enrolled their children to PI KGs. Those parents were unhappy that they could not benefit from the proposed Scheme (Legislative Council Secretariat, 2006a, p. 1139). A group of 150 representatives of the pre-primary education sector made a joint statement requesting the inclusion of PI KGs into the Scheme and organized a march on 12 November 2006 to catch public attention (Hong Kong Economic Times, 2006; Yam, 2006). Discussions on eligibility of PI KGs joining the Scheme were formally made among Legislative members (Legislative



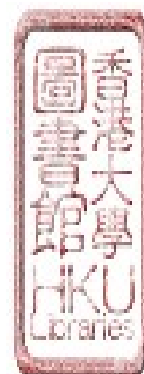
Council Secretariat, 2006d). These public actions had powerful influence on the policy outputs and outcomes that the Government finally made a compromise with a 3-year transition period given to the PI KGs.

### ***Full control on all KGs not achieved***

With an ultimate target that all KGs would join the PEVS tied with the regulatory measures, the Government put in place a special Facilitation Grant allocated to eligible PI KGs with a view to facilitating the PI KGs to convert to NPM operating mode by August 2007. As discussed above, some prestigious PI KGs were so popular that students' intake had never been a problem to them as the parents were very keen in getting their children admitted to those PI KGs even though they had to pay the full school fee at their own cost. Consequently, those prestigious PI KGs lacked the incentive and reasons to join the Scheme in which they had to forfeit their autonomy. Audit Commission revealed that the PI KGs' participation of the Scheme was not as high as planned over the years. By the end of 2007/08 school year, only 75 PI KGs joined the Scheme whereas there were a total of 843 scheme KGs (Audit Commission, 2013).

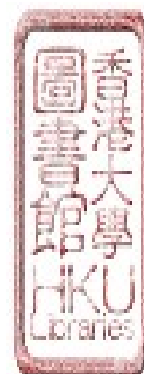
### ***Quality assurance resulting in shortage of staff***

Neither has the quality assurance mechanism fully served the original purpose. The requirements of the quality assurance mechanism were for improving the education quality of the pre-primary sector. Nevertheless, the additional administrative workload and work pressure incurred made the teaching staff



frustrated. Some teachers resigned as they were fed up with the various performance indicators of Quality Assurance Reviews which were linked with the eligibility of their schools in continuously joining the PEVS (Audit Commission, 2013). The situation resulted in shortage of teaching staff, which in turn ironically affected the stability and quality of KGs joining the Scheme (Audit Commission, 2013). The policy outcome was contradictory to the original objectives of the PEVS. The grievance and voices detected from the policy actions and policy outcome gave signals to the Government and administrative officers that they had to adjust the policy tool. The quality assurance was then refined to be improvement-oriented with higher degree of nodality instead of authority tool.

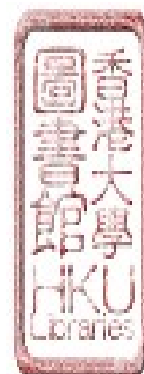
The Scheme initially required that all KGs teachers should achieve certain levels of academic standards. For instance, the teachers must have obtained C(ECE) by 2011/12 and all new principals should have a degree in ECE from 2009/10. Due to the unexpected high turnover rate of the serving teaching staff caused by the heavy workload incurred by the quality assurance exercises, the schools had to replace the resigned teachers by less experienced ones or part-timers. The actions of teaching staff made a subsequent impact on the policy tools and policy outputs, which is, the Government then accepted that as long as the PEVS KGs achieved the minimum 1:15 qualified teacher to student ratio, they were allowed to continuously employ some non-C(ECE) teachers with QKT qualifications to work along with teachers possessing C(ECE) qualifications (Education Bureau, 2011).



### *Insufficient financial assistance*

The Government at first set a ceiling on the school fee of eligible KGs under the Scheme, i.e. HK\$24,000 pspa and HK\$48,000 pspa for a HD place and a WD place respectively. Over the years, most participating KGs applied for fee increase yearly as they found it difficult to run the schools due the increasing operating costs, inflation and high land rents. Some KGs got around the rule on school fee ceiling by charging miscellaneous fees for cost recovery, which shifted the financial burden to the parents. Receiving the public voices and feedbacks, the Government further adjusted its treasure tool by annually adjusting both the value and fee threshold of the voucher with effect from 2012/13, making reference with the Composite Consumer Price Index (Education Bureau, 2011).

On the other hand, because of the rising school fee over the years, the needy families receiving subsidies under the Kindergarten and Child Care Centre Fee Remission Scheme needed to pay the school fees not fully covered by the voucher and the fee remission. The issue gained the public attention through the political parties' help. In March 2009, the Council of Non-profit Making Early Childhood Education Institutions reported to Legislative Council cases of needy families facing financial difficulties in paying school fees. As a result, the Government reinstated an annual adjustment mechanism to the fee remission ceilings from 2009/10 onwards. In the Policy Address of 2014, the Government further adjusted the treasure tool by lifting the free remission ceiling (Chief Executive, 2014).



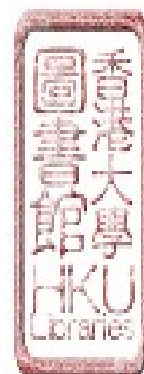
### ***Call for early review***

Against the original time schedule for a review on PEVS in 2011/12, the strong oppositions and criticism on the Scheme based on surveys conducted by teachers unions and the negatives feedbacks collected from the stakeholders pressed the Legislative Council in March 2009 to pass a motion for calling for an earlier review in 2009 (Education Bureau, 2009; Legislative Council Secretariat, 2009). All of the above problems associated with the Scheme illustrate how the dynamics of public actions and policy outcomes have led to subsequent on-going changes and adjustments in the governance approach and policy tools.

### **Concluding comments**

The dynamics formed by the on-going public actions led to subsequent changes and fine-tuning of the policy outputs and outcomes, in turn, making powerful influence on the policy tools and governance approaches on pre-primary education. Throughout the development of the PEVS, it is argued that the four components, i.e. policy dynamics, nature of goods, governance approaches and policy tools are operating within themselves and also related to one another as a whole.

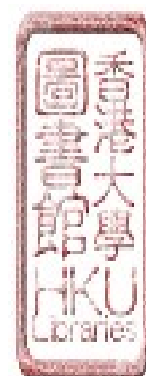
At macro-level, after handover of sovereignty in 1997, there was a consensus on more long-term plans including reform in education. The middle class' discontent towards "Article 23" legislation and taxation system as well as the announcement of provision of free ECE in Macao with effect from 2005



formed a strong political stream. The political stream was then coupled with policy stream, such as the need to enhance teachers' qualifications, and the problem stream including parents' lack of financial support from the Government for high-quality education as well as the retention problem of teachers. Coupling of the three streams induced the opening of policy window.

The watershed introduction of the PEVS in 2006 served as the pet solution for the issues at the critical time. As a result, a breakthrough in policy direction on pre-primary education started to take shape, leading to changes in governance approach with increased regulatory control under the regulated self-governance where the PEVS was bundled together with a series of regulations. At the same time, changes in policy tools were induced based on the characteristics of the nature of goods and services, among other factors. The non-means tested voucher removed the barrier and enhanced fair access to quality pre-primary education as toll goods since the voucher was extended to all families instead of being confined to the needy families. Quality assurance requirements imposed on the KGs factored in the authority-nodality tools.

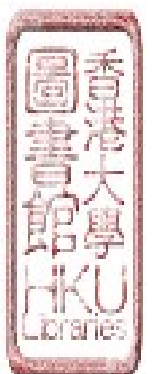
In fact, the interactions among nature of goods, governance approaches, policy tools and policy dynamics were on-going where negotiation and bargaining by policy actors led to the subsequent policy actions and policy outcomes which created feedback loops for the corresponding and on-going changes and evolutions. The empirical findings presented in this chapter illustrate that the policy dynamics from policy actors at the micro-operational level continuously





added inputs to shape the policy design leading to unintended consequences in adjusting the monetary assistance and quality assurance mechanism as well as bringing about an earlier review.

As the PEVS has not been sufficient to satisfy the demands of the policy actors and there are requests for improvement, the policy dynamics have further led to the evolution to the next phase of development with the implementation of free quality KG education policy which will be discussed in the next chapter.



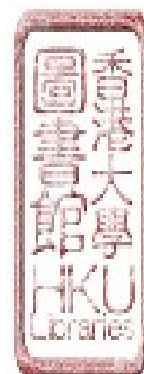
## **Chapter 6**

# **Implementation of Free Quality Kindergarten Education (2017 onwards)**

### **Introduction**

After years of calls for more Government's support for the pre-primary education, the implementation of the PEVS (the Scheme) which demonstrated an increased commitment of the Government as a regulator and a facilitator was supposed to be used to address the public outcry. The local pre-primary, however, still fell outside the scope of free basic education. Despite several rounds of fine-tuning, the responses of interested parties over the years appeared to suggest that the design of the Scheme where a hybrid tool with treasure, authority and information-based elements was applied did not inherently come up to the objectives of the policy and fulfill the stakeholders' demands.

Against this background, the implementation of free pre-primary education has emerged to the policy agenda as a result of the coupling of the problem, political and policy streams in Kingdon's (1995) terms. The inadequacies of the policy design of the PEVS has resulted in chains of strategies and politics among policy actors. Combining with the change of the political environment, the proposal provided by the Committee on Free Kindergarten Education for implementing free quality KG education is considered to be the solution whose feasibility is supported by the sustainable financial capability of the Government.



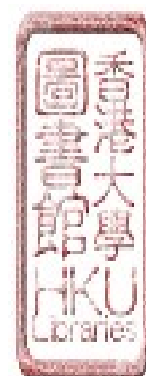
## **Flawed PEVS meets political changes: New chain of policy dynamics**

### *A problem stream arises from defective PEVS*

A number of problems have arisen from the design of the voucher scheme and the increased regulations exerted on the KG sector. While WD KGs complained that they had been discriminated by the flat-rate design of the PEVS, PI KGs were dissatisfied that the exclusion of them from the Scheme not only limited parental choices but also strangled them to death (Mui & To, 2006), though PI KGs later found that they were still sought after by parents despite the PEVS.

Tuition fee ceilings in addition to high rentals resulted in heavy burden on the KGs which had joined the Scheme. The Director of Audit in his report in 2013 showed that while more and more KGs had increased their tuition fees approaching the fee ceilings, some of them were found charging miscellaneous fees in an attempt to generate more income. Some schools eventually opted out of the Scheme (Audit Commission, 2013).

The cancellation of pay scale frustrated KG teachers and dented their morale and dignity because of lacking recognition and respect to be reflected in their pay. The absence of additional resources given for the extra administrative work derived from the Quality Assurance Mechanism which was originally aimed to increase accountability of schools posed extra workload to KGs, their staff and principals. The vague guidelines, vast number of performance indicators and different standards among schools also confused them. In addition, heavy



workload and the pressure to obtain the academic qualifications as required by the Scheme made many teachers left the sector. According to the Audit Commission (2013), in 2010/11, the turnover rate in 26 scheme KGs was over 60% while that for non-scheme KGs was 27%. As schools could only fill the vacancies with part-time or junior teachers, the high turnover rate made PEVS KGs difficult to meet the required teacher-student ratio of 1:15 with teachers holding C(ECE) qualifications. The continuous employment of non-C(ECE) teachers left the policy intent of upgrading the sector's professionalism as well as education quality in doubt.

The failure of the Scheme in achieving the objective to enhance KGs' financial transparency and the decline of participation in the PEVS were also pointed out by the Audit Commission (2013). In response to the discontent of schools and parents, several adjustments of the voucher scheme were made. But the differences between stakeholders and the Government had yet to be narrowed. The ultimate wish of the public was free pre-primary education.

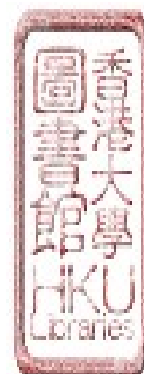
### *A political stream triggered by interactions between political forces*

On the political side, opposition groups' actions and the change of the CE have created the public mood for the change of pre-primary education policy. Hong Kong Professional Teachers' Union, in fact, has started to fight for free pre-primary education since 1993 and its representative in Legislation Council, then education sector lawmaker Mr. Cheung Man-kwong, raised four related



motions and got them passed in the council before 2010 (HKPTU, 2010). In light of the rise of free education subsidy provided by the Macao Government in late 2010 (“Govt raises free education subsidy”, 2010), the urge for implementing 15-year free education in Hong Kong came stronger. A concern group on pre-primary education (幼兒教育大聯盟) comprising 17 education organizations engaged 3,600 KG teachers, parents and children to petition the Central Government Office in January 2011 to fight for free KG education (Oriental Daily News, 2011), followed by the passing of another motion calling for 15-year free education raised by Mr. Cheung Man-kwong again in the next month (HKPTU, 2011).

The change of the policy was catalyzed by the CE election in 2012. In a bid to gain more support from the public, Mr. Leung Chun-ying, who eventually won the race and took the top job, in his manifesto had pledged to introduce 15-year free education as soon as possible (Leung, 2012). Mr. Eddie Ng, the Secretary for Education in Mr. Leung’s administration, echoed and accorded top priority to the matter (The Sun, 2012). To push Mr. Leung Chun-ying to honor his pledge, education sector members, legislators and politicians escalated their voices and actions to gain media exposure and bargaining power. Twenty-eight early childhood organizations, including the Council of Non-profit Making Organizations for Pre-primary Education and Pacific Early Childhood Education Research Association in April 2012 jointly signed a statement which was initiated by the Centre for Childhood Research and Innovation of the Hong Kong Institute of Education (currently known as the Education University of Hong Kong),

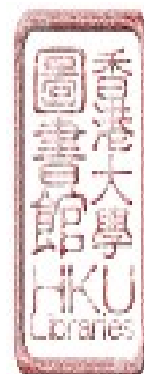


demanding the Government scrap the “problematic” voucher scheme and provide full subsidy to the pre-primary education (HKIED, 2012). In 2013, 30 concerned groups comprising KGs, teachers and parents formed the Alliance on the Fight for 15-year Free Education (爭取十五年免費教育大聯盟) to amplify their voices. It mobilized over 130 education organizations and individuals to participate in the public hearing of the Legislative Council’s Panel on Education in March 2013 and submitted a number of proposals on their stance to the panel’s Subcommittee to Study the Implementation of Free Kindergarten Education, the Education Bureau as well as the Committee on Free Kindergarten Education (Legislative Council Secretariat, 2013; 2015a; 2015b).

Under political pressure pressing Mr. Leung Chun-ying to keep his promise and public’s criticisms that the Government had dodged its responsibility, the CE in his Policy Address in 2013 announced to establish the Committee on Free Kindergarten Education to study the feasibility of providing free KG education and provide recommendations to allow all children having access to KG education service with high quality.

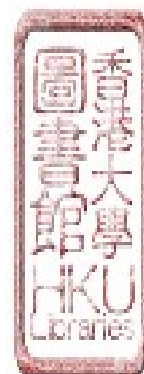
### *A policy stream with emergence of policy solution*

Amid uncountable number of petitions and rallying calls for 15-year free education, the Committee on Free Kindergarten Education submitted a report entitled “Children First, Right Start for All” in May 2015 with a number of recommendations on how to implement a sustainable KG policy to provide



children with “equitable access to quality holistic KG education”. It suggested that the Government should provide full subsidy to HD places in KGs while giving WD KGs additional resource support. The Committee also listed some measures to enhance the quality of pre-primary education by raising the teacher professionalism, improving the teacher-student ratio, teaching environment and governance of KGs. The report served as a strong fundamental rationale for the Government in considering its future policy on pre-primary education.

Apart from the political forces, social environment and overseas practices being in favor of free KG education, it is an opportune time for the Government to commence such long-term commitment in light of the strong financial capability in recent years. As reflected by the Government’s figures (Table 6.1), the sufficient and increasing fiscal reserves in the past decade facilitate the implementation of free pre-primary education with its estimated recurrent expenditure of about HK\$6.7 billion in 2017/18, comparing with the amount spent on the PEVS and related items of HK\$3.9 billion in 2015/16 (Education Bureau, 2016a) and HK\$3.5 billion in 2014/15 (Education Bureau, 2016b).



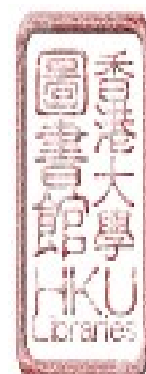
**Table 6.1: Government’s fiscal reserves between 2006-07 and 2015-16**

<b>Financial year</b>	<b>Fiscal reserves HK\$ (billion)</b>
2006-07	369.3
2007-08	493.0
2008-09	494.4
2009-10	520.3
2010-11	595.4
2011-12	669.1
2012-13	733.9
2013-14	755.7
2014-15	828.5
2015-16	842.9

*Source: The Treasury, 2007-2016*

### ***Opening of policy window***

With Mr. Leung Chun-ying’s failure to put forward the free education initiative in his policy blueprints in his first three years of office in view of the lack of supporting materials proving the essential nature of KG education to justify the increase of investment, together the increasing outrages of the public fueled by the flaws in the PEVS, the opening of policy window came after the submission of recommendations by the Committee on Free Kindergarten Education. The Committee endorsed the importance of KG education which “lays the foundation for lifelong learning and whole person development and serves as the starting point of formal education” (Committee on Free Kindergarten Education, 2015, p. 6). The suggestions given by the Committee are regarded as viable solutions, triggering off the convergence of the problem, political and policy streams which





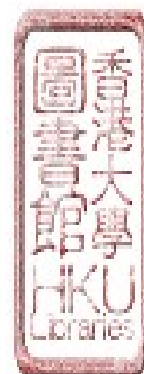
provides an optimum occasion for the Government to adjust its role and governance approach in pre-primary education and implement the 15-year free education policy. The CE in his 2016 Policy Address announced the move to push forward a free quality KG education policy from the 2017/18 to improve the quality of the service (Chief Executive, 2016).

With the new policy, the coverage of free KG education will further increase as the difference between tuition fees and the government subsidy which parents need to pay lowers or even disappears despite the fact that the private provision of KG education is maintained. The wider range of free education implies an enhanced free toll nature with public goods characteristics of pre-primary education which demands a higher quality of service and impacts on the accessibility, consumption and availability of KG education.

### **Accessibility, consequence of consumption and availability in terms of goods**

#### ***Quasi-free education enhances accessibility to quality pre-primary education***

The GER in KGs has reached 100% or even exceeded 100% for many years (Table 6.2). Over 75% of students studied in PEVS KGs in the past three school years (Education Bureau, 2016a). The figures show that the accessibility of the pre-primary education does not appear to be a big concern. The universal access is, in fact, achieved by middle-class families paying the portion of tuition fees after the voucher value under PEVS on the one hand and the low-income ones receiving further subsidies from the fee remission scheme on the other hand.



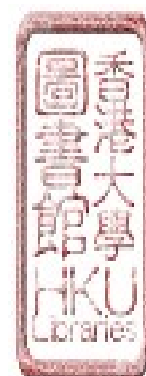
According to the Education Bureau's figures for the past four years, about 90% of over 130,000 students who joined the PEVS needed to pay school fees on top of the voucher subsidy, with the average amount ranging from HK\$4,600 to nearly HK\$5,000 for HD KGs and about HK\$16,000 to HK\$18,700 for WD ones per year (Table 6.3). Due to inflation and increasing operating costs, the voucher value has been increased for several times in order to allow all children to receive affordable KG education. The policy is pushed forward in the implementation of free quality KG education. The universal access to pre-primary education is expected to be enhanced by the new policy which provides the free toll to most families of different backgrounds.

**Table 6.2: GER in KGs between 2011/12 and 2015/16**

School year	Total no. of children attending KGs	GER
2011/12	159,040	101.6%
2012/13	166,400	101.9%
2013/14	171,497	100.4%
2014/15	178,119	99.2%
2015/16 (Provisional)	187,155	99.2%

(Note: Total enrolment in KGs, regardless of age, expressed as a % of the school-age-population corresponding to the same level of education in a given school year)

Source: Education Bureau, 2016a

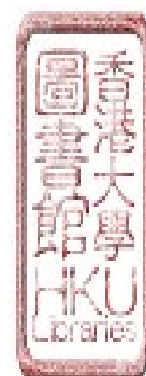


**Table 6.3: Average amount of school fees paid by parents on top of PEVS**

	2012/13		2013/14		2014/15		2015/16 (Provisional)	
	HD	WD	HD	WD	HD	WD	HD	WD
<b>(a) No. of students under PEVS</b>	90,166	41,272	89,204	42,516	90,427	42,873	94,551	44,576
<b>(b) No. of students paying school fee on top of the voucher subsidy</b>	77,871	41,201	78,454	42,456	77,979	42,841	79,924	44,466
<b>(c) % of (b) over (a)</b>	86.4%	99.8%	87.9%	99.9%	86.2%	99.9%	84.5%	99.8%
<b>(d) Average amount of tuition fee on top of the voucher value (in HK\$)</b>	\$4,614	\$15,941	\$4,923	\$17,081	\$4,743	\$17,604	\$4,885	\$18,722

*Source: Education Bureau, 2016a*

The new policy aims at achieving equitable access to quality holistic KG education. It will provide eligible local NPM KGs with a basic direct subsidy to provide three years of quality HD services for all eligible children aged from 3 to 6. Instead of giving subsidy to parents, the financial aid will go direct to individual KG under the new policy. KGs in the 2017/18 will receive a basic subsidy of HK\$33,190 for each student which is calculated on a per student basis to support his or her study in a HD KG, including staff salary and operating expenses of a KG. The amount is subject to adjustment every year. The same funding mode will be applied to both HD and WD and LWD KGs while the latter will be given additional grants to support their services (Education Bureau, 2016b). The Government estimates that about 70% to 80% of HD places in KGs



will be free.

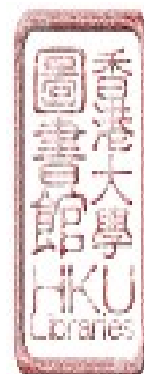
Although the pre-primary education service will not be completely free as only NPM KGs are eligible to join the scheme and they can still charge tuition fees at or below the pre-set school fee ceilings, most parents are expected to pay less or no tuition fees in future. While tuition fees are subject to the Education Bureau's approval, it is forecast that with more resources provided by the Government, only a few KGs will need to charge tuition fees, for example, to cover rental costs exceeding the rental subsidy. In addition, with the provisions of fee remission to students from needy families as well as an additional grant for eligible students who pass the means test for them to pay for school-related expenses, an entrance barrier of KG education set by tuition fees will be lowered or even removed. It is tantamount to having no excludability in terms of money in the pre-primary education service, representing a degree of public goods nature of pre-primary education in future.

***Barriers to accessibility other than price but keen competition for consumption***

For the toll goods nature of education to become a public one, besides free provision, other barriers to accessibility should also be removed (Thynne & Peters, 2015). Nevertheless, the entrance barrier created by entry requirements and examinations set by individual KGs to screen the best applicants for admission in light of limited availability of places but keen competition in popular KGs and these KGs' intent in absorbing students with higher potential and better family



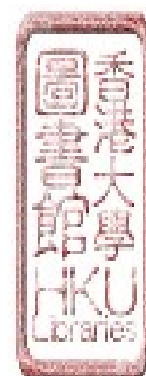
background to maintain good academic results will persist under the new policy (Li & Fong, 2014). While families with better socio-economic status can send their children to as many interest and tutoring classes as they wish to achieve better interviewing skills and prepare sound portfolio to increase their chances in getting into their preferred KGs over the territory, low-income families' choices will be limited to less popular KGs in their neighborhood. Similar hurdles are faced by NCS students and those with special needs. From the experience of the aided primary school sector, a central allocation system of school places somehow provides a means to ensure more even allocation of school places regardless of students' backgrounds, although students from well off families can still find their ways to preferred schools through the allocation of discretionary places mechanism or enrolment to private schools. Under the private provision of quasi-free pre-primary education service, no school place allocation system will be adopted as the Government intends to keep the discretion and flexibility enjoyed by KGs in operation and provision of their services. Therefore, considering from the perspective of the entire pre-primary education system, it seems that excludibility still occurs in certain choices of KGs though the new policy tries to put children from different families on equal access to the services. Nevertheless, the new policy will ensure that no child will be barred from accessing pre-primary education in future by the increased subsidy. And with the incentives of getting additional grant from the new scheme for admitting a certain number of NCS students and more support from the Government to take care of pupils with special needs, the problem of unequal access is expected to be



alleviated.

### ***Increased availability of free quality KG places***

The accessibility of the pre-primary education also concerns with its availability. Over the past three school years, the participation rate of KGs in the PEVS stood at about 74%, reflecting a majority of three-fourths of students who were able to enjoy the benefits from the Scheme (Table 6.4). Meanwhile, in the past five years, no PI KGs had been converted to NPM ones for participating in the voucher scheme but a few of them which had converted before were closed (Table 6.5), while 34 KGs withdrew from the Scheme (Table 6.6). It implies a risk that the decreasing number of participating KGs may reduce the supply of subsidized school places and thus, affect the accessibility of children to pre-primary education despite more subsidies for eligible KGs. It is hoped that in view of the significant increase of subsidy amount to eligible parents from the voucher value of HK\$23,230 pspa in the 2016/17 under the PEVS to the basic HD unit subsidy of HK\$33,190 to eligible KGs provided by the free KG education policy, as well as other new resources for KGs to take care of students with special needs, staff training and rentals, more KGs will tend to join the new scheme to keep their competitiveness in attracting more students. Furthermore, as the Government promises to review and revise, if necessary, the standard provision of KG places from 730 HD and 250 WD places for every 1,000 children in the eligible age group to 500 HD and 500 WD places in the long term to meet the increasing demand of working parents (Education Bureau, 2016b), it may help minimize the



risk of availability problem of subsidized KG places.

**Table 6.4: Participation rates of KGs and students of PEVS**

	2013/14		2014/15		2015/16	
	No. of KGs (%)	No. of students (%)	No. of KGs (%)	No. of students (%)	No. of KGs (%)	No. of students (%)
<b>Local PI KGs</b>	110 (11.4%)	20,897 (12.3%)	114 (11.7%)	22,021 (12.5%)	106 (10.6%)	20,988 (11.3%)
<b>Local NPM KGs participating in PEVS</b>	724 (74.7%)	128,388 (75.6%)	724 (74.0%)	132,829 (75.3%)	732 (73.2%)	139,127 (75.0%)
<b>Local NPM KGs not participating in PEVS</b>	35 (3.6%)	11,320 (6.7%)	36 (3.7%)	11,905 (6.7%)	34 (3.4%)	11,820 (6.4%)
<b>Non-local KGs</b>	100 (10.3%)	9,238 (5.4%)	104 (10.6%)	9,642 (5.5%)	128 (12.8%)	13,463 (7.3%)

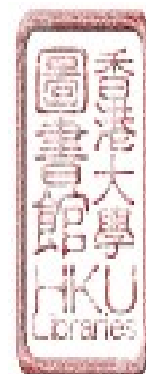
Source: Education Bureau, 2016a

**Table 6.5: Number of KGs converted to NPM KGs for participating in PEVS**

		2011/12	2012/13	2013/14	2014/15	2015/16
<b>PI KGs converted to NPM KGs for participating in PEVS</b>	<b>Increase in no.</b>	0	0	0	0	0
	<b>Decrease in no.*</b>	4	1	4	3	1
	<b>Accumulated no.</b>	107	106	102	99	98
	<b>Change in %</b>	-3.6%	-0.9%	-3.8%	-2.9%	-1.0%

(\*The decrease is due to closure of the KGs in the respective school years.)

Source: Education Bureau, 2016a



**Table 6.6: Number of KGs withdrawn from PEVS**

	2011/12	2012/13	2013/14	2014/15	2015/16
<b>No. of KGs withdrawn from PEVS</b>	0	14	14	2	4
<b>Change in %</b>	N/A	N/A	0%	-86%	100%

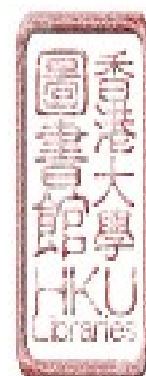
*Source: Education Bureau, 2016a*

Meanwhile, through the improvement of the teacher-student ratio to 1:11 to reinforce support for pupils with diverse needs, the recommended pay range and career ladder for teaching staff to relieve the high turnover problem, together with the enhanced governance of participating KGs and monitoring by the Education Bureau, the new scheme not only enhances the accessibility and availability but also the quality of the pre-primary education service.

To ensure the proper use of public money, the significant increase of the Government's financial commitment to KG education legitimizes an extended scope of regulations on the service quality of the sector. In the context of the existing private provision of pre-primary education, it appears that the Government tends to maintain the regulated self-governance but exert more interventions on the sector by strengthening its control and monitoring on the service provision. The gradual shift of the governance approach and policy tools will be elaborated in the following sections.

### **Regulated self-governance approaching interventionist governance**

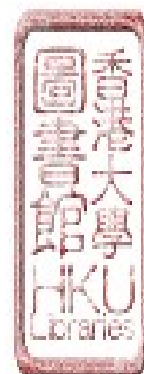
Stressing the importance of maintaining the uniqueness, diversity and vibrancy of the local KG sector, the Government refuses to apply an aided school subvention





mode which is subject to a number of stringent control measures to the sector when implementing the free KG education policy. According to the policy details (Education Bureau, 2016b), KGs which join the new scheme will enjoy a certain level of autonomy in operation and provision of their services. They will be given flexibility in choosing their modes of service provision between HD and WD classes and the class structure in response to the demands in the market affected by the needs of parents, and also the flexibility in providing other paid services as long as the purchase is on a voluntary basis. But meanwhile, KGs will be bounded by quality assurance framework as well as rules and regulations stipulated in a standard service agreement which will be drafted by the Government. It shows that the power enjoyed by the sector is “under the shadow of hierarchy” as mentioned by Knill & Tosun (2012). This demonstrates a state-market dualism of the regulated self-governance in which the state’s coercive power and the market’s contractual power co-exist with the former displaying a dominant role on regulatory arrangements (Thynne & Peters, 2015).

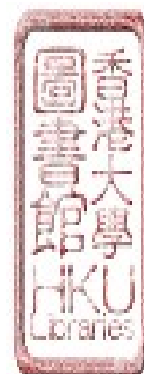
The regulatory control on the KG sector to be exerted through the new policy extends to different aspects. In order to fulfil the policy intent of significantly enhancing the quality of the KG education after a substantial increase of funding to the sector, the Education Bureau declared clearly that it would strengthen its control on the sector. Participating KGs are required to establish a management committee and follow the guidelines and operation manuals to enhance their administration and management. Besides making public their quality assurance reports like what they are required under the PEVS,



KGs have to disclose prescribed key operational information on their websites to enhance transparency. The Education Bureau will also step up its monitoring on KGs, such as their collection of tuition fees and other charges, to ensure that schools comply with the rules and regulations. Sanctions or even exclusion from the scheme will be resulted in case of repeated non-compliances, acting as deterrents to drive KGs to enhance their accountability. The design of the new funding mode provides the Government with the ultimate power to force the KGs under the scheme to comply with its rules by which more interventions are seen.

Taking into account the voluntary participation of KGs in the new scheme, it is considered that a regulated self-governance rather than an interventionist approach will remain in the new stage of pre-primary education development; however, a stronger regulatory hand extended to the KG service resulting in more interventions is expected. Referring to the comment by Li, Wong & Wang (2010) who stated that the PEVS served “as a channel for governmental intervention into the privately owned sector” by exclusively selecting NPM KGs, similar approach is observed in the new policy that the Government has a tendency of keeping its facilitator role but, paradoxically, strengthening its regulator position in the preschool education provision by turning more KGs to be NPM ones with increased financial incentives to exert more interventions on the sector in view of the rising public goods nature of the KG education.

To achieve a regulated self-governance with more interventions, the Government not only reinforces the treasure-, authority- and information-based

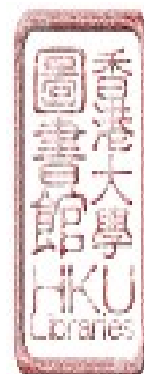


elements in the mixture of policy instruments which are applied under the PEVS, it also adds the organizational tool to its new policy and that distinguishes the new scheme from the previous one.

## **Hybrid policy tools**

### ***Treasure tools by direct subsidy under a service agreement***

As explained in previous paragraphs, instead of giving fee subsidies to parents through vouchers for them to redeem KG services, a new funding mode will be adopted by which eligible KGs will be offered a Government subsidy according to a per student basis and specific grants with reference to individual KGs' needs. Though the subsidies will go direct to KGs rather than parents, KGs still needs to compete among themselves to attract more students to safeguard as much as subsidies they can acquire. As elaborated by Hood (1983) and Hood & Margetts (2007), the tool used under the new policy keeps the treasure-based nature of the voucher scheme in which the basic HD unit subsidy provides incentives and the capacity for KGs to improve their service quality and to increase their appeals to parents while a grant approximately equivalent to the wage of one teacher will encourage KGs to admit extra NCS students. Meanwhile, financial assistances on top of the basic subsidy, including an additional grant for WD and LWD KGs, rental subsidy or maintenance grant and a one-off time-limited tide over grant for defraying long-serving teachers' salaries will be arranged to lessen KGs' burden and reduce the number of KGs which need to charge school fees. The



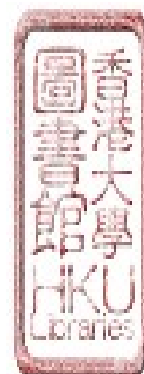
Government also promises to explore the feasibility of increasing its owned premises for KGs. While eligible students from needy families will continue be assisted by a fee remission scheme, an extra grant will be provided for them to purchase other school-related items.

### ***Authority tools aligning with more interventions***

As mentioned in the previous section, despite its voluntary basis, stronger authority tools will be applied on participating KGs. They are required to follow the terms and conditions set in a service agreement or they may be excluded from the scheme for repeated non-compliances found. The Education Bureau will step up its monitoring on them to ensure KGs' compliance with the rules by conducting stringent vetting on their proposals for collecting tuition fees and increasing sanctions for improper collection of charges. Apart from the requirement of setting up a management committee with members from different stakeholders in the long run, more controls to enhance the transparency of KGs will also be seen. All of these serve as authority tools to enhance the administration, management and accountability of KGs.

### ***Information-based tools to enhance quality and career prospects***

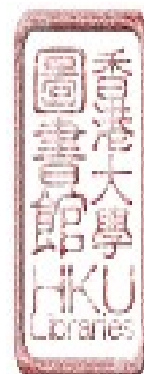
Meanwhile, the Government tries to apply nodality tools to enhance service quality of the sector. To mitigate the problems derived from the existing Quality Assurance Mechanism, the Education Bureau will enhance the framework with updated performance indicators and review the curriculum to set clear but



non-stipulated learning outcomes for KG graduates. While KGs are advised to make reference to a three-level teaching staff structure with principal, senior teachers and class teachers to establish a career ladder with promotion prospects to maintain a stable teaching force, only a reference salary range accompanied with specific guidelines and rules rather than a mandatory pay scale is recommended under the new scheme to ensure competitiveness as well as to leave flexibility for the KG management in deciding on their staff package. The Government will continue to promote continuous professional development of principals and teachers by formulating a policy with clear targets, developing frameworks on principal and teacher competencies and strengthening certification course for KG principals. The Government is in the hope of inducing practice change and a better learning and working environment in the sector by using informative and soft instruments with an aim which is consistent with the descriptions by Kay & Daugbjerg (2015).

### ***Organization tools to ensure smooth implementation of new policy***

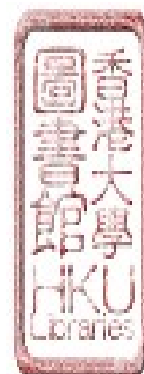
The establishment of a new Kindergarten Education Division to be led by an Assistant Director of Education and assisted by a Principal Education Officer marks the most significant difference between the free KG education policy and the voucher scheme. The additional bureaucracy is regarded as an organization-based tool under which the directorate level officer with extensive experience and knowledge of the operations of the education sector will lead a multi-disciplinary team to ensure the smooth implementation of the new policy by



comprehensive strategy formulation, planning, preparation and execution.

### **Concluding comments**

From the transformation of the PEVS to the free quality KG education policy, in face of the increased public goods nature of the pre-primary education, the governance approach and policy tools adopted evolve incrementally into regulated self-governance with more interventions and treasure-based tool incorporated with more authority and nodality elements, as well as the newly added organization-based component in order to enhance the accessibility and quality of the KG service. In view of the large surge in investment of public money together with more regulations on KGs, the preservation of the regulated self-governance approach to maintain the market-driven nature of the sector is questioned. Although the free quality KG education policy has yet to start, the resemblance between it and the PEVS has already prompted worries from the education circle. Drawbacks similar to the voucher scheme that the scope of free service provision is limited to NPM KGs, the new scheme is in favor of large KGs, the keen competition among KGs and high rentals problem will persist are expected (Ip, 2016). These possible problems may trigger a new wave of policy dynamics pending the emergence of the political and policy streams and thus, create another opening of policy window for the evolution of the pre-primary education policy.



## Chapter 7

### Conclusion and Recommendations

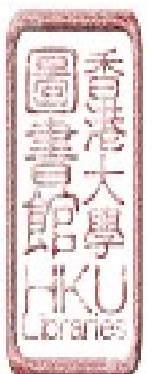
#### Introduction

In the previous chapters, empirical study on the history and development of pre-primary education in Hong Kong has been discussed and analyzed with due reference to the concepts in the analytical framework developed for structuring, guiding and informing the study with a view to understand the reasons for the change in the governance approaches and policy tools adopted in addressing the needs of pre-primary education over time. This chapter summarizes the main findings, provides recommendations on how the Government's responses in addressing the needs of pre-primary education might be transformed in the light of developments over time and ends with discussing the suggested lines of future related research.

#### Main findings

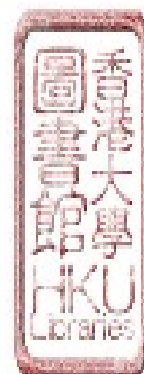
##### *Evolution of governance approaches and policy tools over time*

The analytical framework established in Chapter 2 is the analytical lenses for structuring, guiding and informing the study on the evolution of governance approaches and policy tools in addressing the needs of pre-primary education in Hong Kong over time. The analytical framework integrates concepts of nature



of goods and services, governance approaches, policy tools and policy dynamics. The interaction of these four components leads to the organization of public actions resulting in policy outputs and outcomes that can trigger the evaluation, modification and redesign of public actions, and eventually, the evolution over time.

Early forms of pre-primary education services in Hong Kong appeared at the first stage since the 1930s. In view of the long history, the analysis of the development of pre-primary education is divided into different periods and a cut-off is made when there were key government policies or initiatives introduced at that particular point of time, i.e. the issue of the first official policy document on pre-primary services in 1981, the introduction of PEVS in 2006 and the implementation of free quality KG education policy in 2017. The analytical lens is then used to look into the development of pre-primary education in each period with a view to analyze the evolution of governance approaches and policy tools in addressing the needs of pre-primary education from one period to the next. Based on the empirical study on the historical development, it is noted that there have been more and more government interventions in the pre-primary education sector from setting minimum requirements on service provision and providing in-service training in the period before 1980 to placing more regulations on the standard and quality of service provision, and providing financial assistances to parents and service providers since 1980 with an increasing extent of regulatory controls and financial assistances over time and up to the present. The evolution of governance approach and policy tools from one period to the next was in

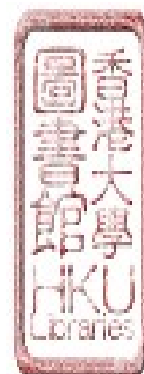




response to the policy dynamics involving the change in political, administrative and socio-economic factors over time leading to the opening of policy window for such evolution.

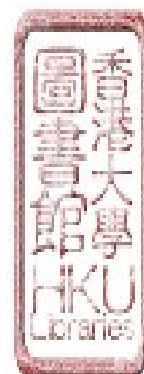
***Early form of pre-primary education appeared (1930s - 1970s)***

In the period from 1930s to 1970s, in view of the private nature of pre-primary education and the Government's policy focus on primary education, the Government adopted private self-governance and relied on private enterprise and voluntary organizations to provide pre-primary education. The Government played a complementary role as a facilitator in governance and adopted nodality tools by setting minimum requirements for operational manuals in pre-primary institutions and contributing to the in-service training. The provision of pre-primary education by the private sector allowed a certain level of supply for consumption. However, due to the capacity constraint and the rapid growth in demand, the toll goods nature of pre-primary education revealed, started leading to crowding out effects in terms of deterioration of conditions and quality of pre-primary education. The quality issue together with the alarmingly low percentage of trained teaching staff concerning pre-primary education in the late 1970s caught the Government's attention, leading to the issue of the first official policy document on pre-primary services in 1981 to improve the standard and quality of service provision.



### *Substantial reforms to pre-primary education (1980s - 2005)*

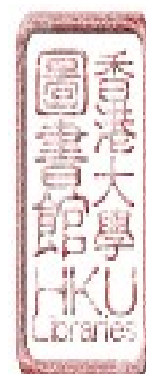
In the period from 1980s to 2005, pre-primary education had more the characteristics of toll goods and public goods. The exponential growth of consumption led to a quick deterioration of quality in pre-primary services. To improve the quality of education, KG operators paid higher salaries by raising tuition fees for more qualified teachers. It inevitably posed higher barriers to accessibility of pre-primary education. When education services were made less affordable to families, it also called for distributional concern about fair access to education as public goods. The Government started recognizing the importance of pre-primary education although still positioned it as the responsibility of the family and private sector. The Government adopted regulated self-governance with a tendency to increase its role as a regulator by introducing more regulatory controls on the operations of pre-primary institutions in order to improve the standard and quality of service provision. The tools adopted by the Government included treasure (e.g. financial assistances to needy families and service providers), nodality (e.g. training, guidelines on quality control and curriculum, recommended pay scale) and authority (e.g. regulatory requirements). Despite these Government's measures, there were still concerns and discontent over the lack of control over pre-primary education, particularly on quality and fee. Moreover, global advocates describe that early education is essentially connected with human rights, social equity and socio-economic needs, suggesting that it is of public goods nature which should not be allocated based on the ability to pay. The quality issue, the accessibility problem, the growing importance of



pre-primary education voiced out by the community, together with the change in political environment (e.g. the 1997 handover, the CE election) led to the introduction of PEVS in 2006.

### ***PEVS (2006 - 2016)***

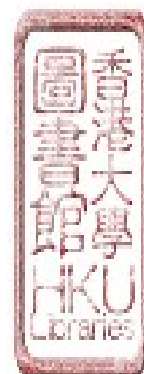
In the period from 2006 to 2016, the Government recognized that pre-primary education is a key foundation stage for future development and lifelong learning but still, as in the previous period, positioned it as the responsibility of the family and private sector. The Government continued to adopt regulated self-governance but with an increased extent of regulatory controls, especially for those KGs joining the PEVS, and an increased financial commitment after the introduction of PEVS in 2006. The tools adopted by the Government continued to be treasure (e.g. voucher to parents of eligible children, financial assistances to needy families and service providers), nodality (e.g. training, guidelines on quality control and curriculum) and authority (e.g. regulatory requirements, PEVS requirements on scheme KGs). Particularly, the introduction of PEVS was a breakthrough in the pre-primary sector in addressing the toll goods features in respect of barriers to its accessibility. Under PEVS, there was a direct fee subsidy in the form of a voucher, which could lower entrance barriers for parents to enjoy affordable pre-primary education while at the same time retain parental choice. However, as it was totally new to all stakeholders (e.g. schools, parents and government officials), the operation of the Scheme involved various problems. Due to inflation and increasing operating costs, the voucher value had also been



increased for several times. There were more voices and pressures urging the Government to implement 15-year free education. The “problematic” voucher scheme, the pressure for 15-year free education together with the change in political environment (e.g. introduction of free education subsidy by Macao Government, pledge for the introduction of 15-year education by Mr. Leung Chun-ying in 2012 CE election) led to the introduction of free quality KG education policy in 2016.

### ***Free quality KG education (2017 onwards)***

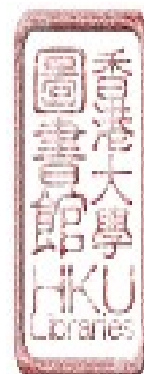
The new free quality KG education policy will be effective in 2017. An entrance barrier will be further lowered or nearly removed with the direct subvention to eligible NPM KGs for providing three-year HD services for all school-age children. Thynne & Peters (2015) comment that the toll goods nature of education will become a public one when its provision is free and other barriers to accessibility are removed (p. 77). The development of free KG education in Hong Kong tends to support for non-excludability feature of the public goods. As the participation of KGs in the new policy is on a voluntary basis, it is considered that a regulated self-governance will remain in the new stage of pre-primary education development but with more interventions through a strengthened regulatory role. The tools adopted by the Government include treasure (e.g. Government subsidy to KGs for providing three-year HD services, financial assistances to needy families, specific grants with reference to individual KG’s needs), nodality (e.g. training, guidelines on quality control and curriculum),



authority (e.g. regulatory requirements, service agreement requirements on KGs joining the new policy) and organization (i.e. establishment of a new Kindergarten Education Division within the Education Bureau).

### ***Achievement of aim of education policy***

In the 1965 Education Policy, the Government stated that “the final aim of any educational policy must always be to provide every child with the best education he or she is capable of absorbing, at a cost that the parent and the community can afford” (Hong Kong Government, 1965, p. 1). However, the formulation of any education policy and the determination of the extent of state interventions all depend on the state’s perception of its roles to be performed, which is affected by the nature of goods and services and the surrounding political, administrative and socio-economic environment. Based on the empirical findings, it is considered that the Hong Kong Government has attempted to put in place appropriate policy tools over time, with due regards to the perception of its roles to be performed, to achieve the aim of education policy as stated in the 1965 Education Policy. In the period from the 1930s to 1970s, pre-primary education was politically neglected as the Government considered that it had only a complementary role so that no formal pre-primary education policy was formulated in that period. In the period from the 1980s to 2005, the Government promulgated the first official pre-primary education policy in 1981 and adopted policy tools to regulate the quality of service provision and provide financial assistances to needy families with lack of financial resources so that no children would be deprived of

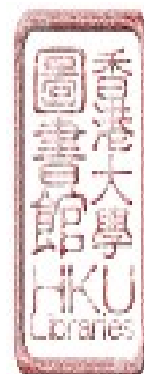


accessing pre-primary education. The aim of “to provide every child with the best education ... at a cost that the parent ... can afford” (Hong Kong Government, 1965, p. 1) is partially fulfilled as needy families were supported financially but some problems concerning quality of education were unresolved. In the period from 2006 to 2016, the Government adopted similar policy tools as in the previous period but with more regulatory controls on quality and increased financial assistances to parents. Therefore, technically speaking, the aim of education policy is also fulfilled. The policy tools adopted by the Government over time fulfill the aim of “at a cost that ... the community can afford” (Hong Kong Government, 1965, p. 1) as the Government uphold the principle of prudent financial management, i.e. “living within our means”, in both colonial period and post-handover period. Although the Hong Kong Government has adopted appropriate policy tools over time, the effectiveness of these policy tools is another question. The evolution of the policy tools adopted over time might suggest that there are problems in the implementation of government policy.

## **Recommendations**

### *Next round of transformation of Government's response*

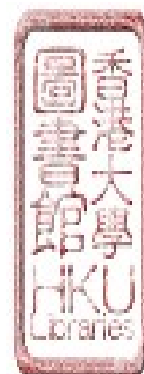
Based on the empirical study on the historical development of pre-primary education in Hong Kong set out in Chapters 3 to 6, the evolution of the Government's response in terms of the governance approaches and policy tools adopted was mainly due to the policy dynamics involving changes in political,



administrative and socio-economic factors over time leading to the opening of policy window for such evolution. As more and more government interventions in the pre-primary education sector were noted over time, it is expected that the next round of transformation of the Government's response would be towards interventionist governance but still within regulated self-governance mode. This is because the pre-primary education has long been provided by the private sector with flexibility and diversity and hence, a high level of cooperation between the public and private sectors is expected to continue whereas a drastic change to public provision of pre-primary education is unlikely. The details of transformation are difficult to predict as the organization of public actions is the outcome of interaction of various factors as illustrated by the analytical framework established in Chapter 2. Moreover, a transformation of the Government's response is not expected in the next few years given that the Government has just announced a new few quality KG education policy in early 2016 and such policy will be effective starting from 2017/18 school year.

***Factors affecting the next round of transformation of Government's response***

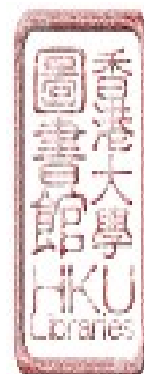
Future transformation of the Government's responses depends on the timing of the opening of policy window. Based on the empirical findings and the analysis of the current political, administrative and socio-economic environment, it is recommended to keep in view the following factors that might trigger the opening of policy window or affect the details of transformation:



1. Policy outputs and outcomes of the new free quality KG education policy, in particular, whether the new policy could address the problems of pre-primary education (e.g. availability and accessibility problem – see the next section for more detailed discussion) and the concern on quality of service provision
2. Perception on whether KG education should be compulsory or not in the minds of the Government and the community
3. Availability of practicable and sustainable policy solution on hand with due regards to the financial situation of the Government
4. Change in political environment
5. Policy priority of the Government as there are competing social problems (e.g. ageing population, long waiting time of public health services, social welfare) calling for an increase in Government’s spending
6. Pressures from the civil society calling for the Government’s responses to its concerns
7. Practices of provision of pre-primary education adopted in overseas countries

***Nature of free KG education to be watched out in the next round of transformation of Government’s response***

Free KG education concerns more with the characteristics of toll goods in respect of accessibility. However, to accomplish the mission to “provide for equitable access to quality holistic KG education” as recommended by the Committee on Free Kindergarten Education (2015, p. 23), it is necessary to optimize the policy by taking into considerations of the issue of availability and consumption

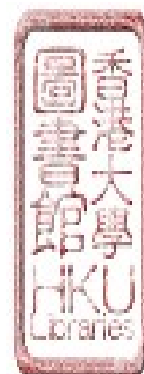




characterized by private and public goods.

The Government has all along maintained its stance of not using public funds to subsidize PI KGs. Likewise, only NPM KGs will be eligible to receive the subvention under the free KG education. As such, the supply of KG places will be hinged on the number of NPM KGs or converted PI KGs into NPM status to join the scheme. As some popular prestigious PI KGs could afford asking for full school fee, they have no incentive to convert into NPM status. Even under PEVS, some NPM schools eventually opted out of the Scheme for more flexibility in their operation and school fee charging. Therefore, enhancing accessibility will necessarily impinge on an adequate supply of places in KG education.

There are various factors other than price (i.e. school fee) that affect accessibility. As limited seats highlight problems of availability, many KGs have to adopt entrance examinations for children selection. Competition is fierce to acquire a place, particularly for entry into certain prestigious KGs. This phenomenon has obvious implications for low income families. Parents who could afford would send their children to playgroup or even different kinds of tutoring classes to assist their children for burnished curriculum vitae. It creates another unfair start as a matter of accessibility for poor children. Although parents are encouraged to choose schools in their neighborhood for their children so as to minimize the travelling time for small kids (Committee on Free Kindergarten Education, 2015, p. 78), consequence of consumption as a result of keen competition uncovers that children may not be put under an equal access.



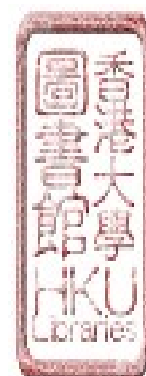
Therefore, non-discriminatory condition of access other than just school fee control to pre-primary education is indispensable for consumption.

### **Suggested lines of future related research**

The research for the study is conducted through desktop research by reviewing information through the public domain, i.e. second-hand information. Provided that manpower, resources and connections are available, the findings and analysis of the study could be enriched by obtaining first-hand information through approaching various stakeholders such as government officials, school operators, teachers, parents, scholars in education field, and interest groups or organizations relating to pre-primary education. The first-hand information obtained could help understanding in detail the policy intent of the Government, the concerns and rationale for reactions of various stakeholders and the ecology of the pre-primary education sector and hence, enrich the content of the empirical information for studying and explaining the evolution of governance approaches and policy tools in addressing the needs of pre-primary education in Hong Kong over time. In addition, the study excludes the evaluation of the effectiveness of policy tools adopted by the Government over time and therefore, it could also be further extended to analyze such area by establishing appropriate analytical framework for the analysis.

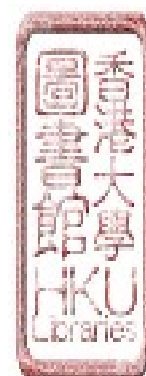
### **Concluding comments**

In a society and economy, there are various problems, needs and demands and



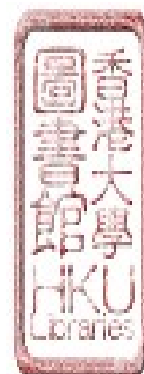
some are of public concerns and value in addressing collectively rather than individually and hence, call for public actions in response. The nature of goods and services, governance approaches, policy tools and policy dynamics, and their interaction leads to the organization of public actions resulting in policy outputs and outcomes that can trigger the evaluation, modification and redesign of public actions, and eventually, the evolution over time.

The needs of pre-primary education in Hong Kong are of public concerns and value calling for public actions in response. The project looks into the history and development of pre-primary education in Hong Kong in order to understand the evolution of governance approaches and policy tools in addressing the needs of pre-primary education over time with the aid of the established analytical framework which integrates concepts of nature of goods and services, governance approaches, policy tools and policy dynamics. Based on the empirical study on the historical development, it is noted that there have been more and more government interventions in the pre-primary education sector from setting minimum requirements on service provision and providing in-service training in the period before 1980 to placing more regulations on the standard and quality of service provision, and providing financial assistances to parents and service providers since 1980 with an increasing extent of regulatory controls and financial assistances over time and up to the present. The Government's interventions and financial investment in the sector will be further increased upon the implementation of the recently announced free quality KG education policy in 2017. As more and more government interventions in the pre-primary education



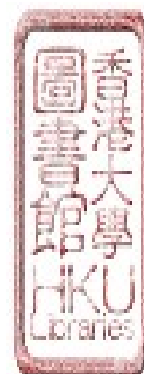
sector were noted over time, it is expected that the next round of transformation of the Government's response would be towards interventionist governance but still within regulated self-governance mode. This is because the pre-primary education has long been provided by the private sector and hence, a high level of cooperation between the public and private sectors is expected to continue. However, it is believed that another round of evolution of the Government's response will not happen in the next few years as the new free quality KG education policy will only be effective in the next year.

Future transformation of the Government's responses depends on the timing of the opening of policy window. In addition, free KG education concerns more the characteristics of toll goods in respect of accessibility. In order to accomplish the mission to "provide for equitable access to quality holistic KG education" as recommended by the Committee on Free Kindergarten Education (2015, p. 23), it is necessary to optimize the policy by taking into considerations of the issue of availability and consumption characterized by private and public goods. Therefore, it is recommended that the Government should keep in view nature and problems of free KG education in the aspects of accessibility, availability and consequences of consumption, the policy outputs and outcomes of the new policy, and the ecology and policy dynamics of the political, administrative and socio-economic environment so as to put forward an appropriate response upon the opening of the policy window.

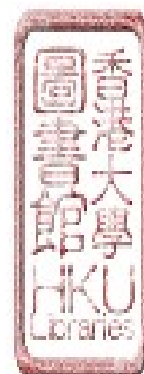


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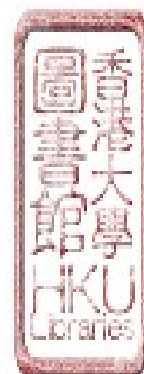
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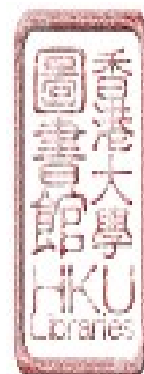
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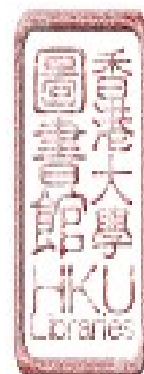


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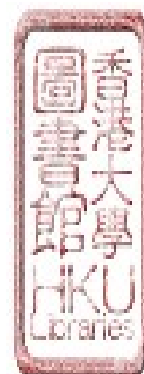




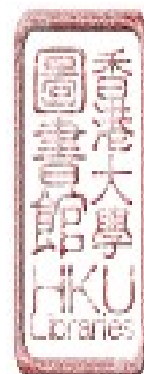
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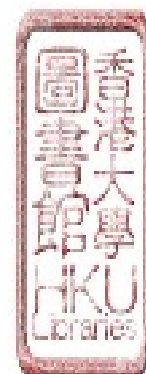
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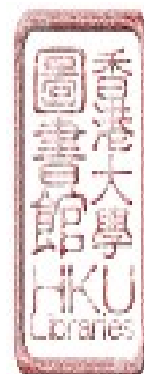
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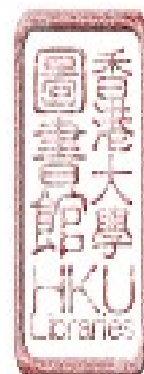


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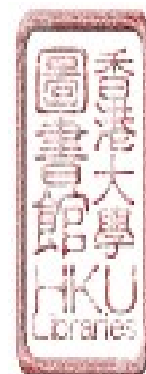


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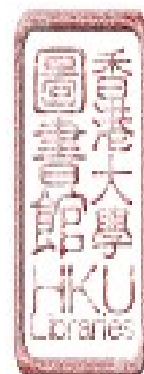


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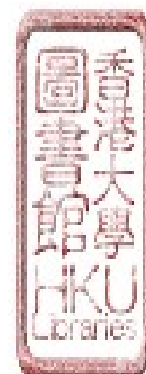


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