

EDUCATION BUREAU CIRCULAR MEMORANDUM NO. 32/2017

From : Permanent Secretary for Education To : Supervisors and Heads of Kindergartens,
Kindergarten-cum-Child Care Centres
and Schools with Kindergarten Classes

Ref. : EDB(KGA)/FQKS/3/1

cc : Heads of Sections - for information

Date : 20 February 2017

Rental Subsidy Under the Free Quality Kindergarten Education Scheme in the 2017/18 School Year

SUMMARY

This circular memorandum sets out the eligibility, application procedures, usage and disbursement arrangement of the Rental Subsidy Scheme (RSS) and invites application from kindergartens, kindergarten-cum-child care centres and schools with kindergarten classes (collectively referred to as “KGs” hereafter) approved to join the Free Quality Kindergarten Education Scheme (“Scheme”) for rental subsidy under RSS in the 2017/18 school year. This circular should be read in conjunction with Education Bureau (EDB) Circular No. 7/2016 dated 20 July 2016 on “Free Quality Kindergarten Education” ([EDBC No. 7/2016](#)).

DETAILS

Background

2. KGs approved to join the Scheme (Scheme-KGs) will be provided with direct subsidy in the form of a basic half-day unit subsidy and additional subsidy for whole-day and long whole-day services. This subsidy covers expenses on salaries for teaching and non-teaching staff and other operating costs. In addition, school-specific grants¹ will also be provided to cater for the special circumstances of individual KGs or students. Rental subsidy will also be provided under RSS for Scheme-KGs in order to lessen KGs’ rental-related financial burden.

¹ Details of the premises maintenance grant, grant for a cook, tide-over grant and grant for support to non-Chinese speaking students have been set out in [EDB Circular Memorandum No. 15/2017](#) dated 16 January 2017 on “School-specific Grants under the Free Quality Kindergarten Education Scheme in the 2017/18 School Year”.

Eligibility

3. Only Scheme-KGs operating in rented premises under tenancy agreements are eligible for rental subsidy. Scheme-KGs can only be eligible for either rental subsidy or premises maintenance grant for the school premises concerned.

Usage

4. All Scheme-KGs should spend the rental subsidy solely on rental expenditure for the KG section/classes offering local curriculum. Any non-school portion should not be included.

Amount of subsidy

5. For accountability and effective use of public resources, the rental subsidy to some KGs may not cover their full rental cost because of (i) low fill-up rate (details to be set out in paragraph 6(i) below); (ii) “dual” caps (details to be set out in paragraph 6(iii) below); and/or (iii) the rental cost exceeding the market rent as assessed by the Rating and Valuation Department (RVD). The difference between the actual rental expenditure and the rental subsidy under (i) and (ii) can be charged to government fund and/or school funds. For (iii), the rental cost exceeding the market rent as assessed by RVD, which will be made known to KGs in due course, should not be charged to government fund, nor will be recognised for school fee assessment. It should be borne by other non-government funds.

6. The amount of rental subsidy may vary by the specific circumstances of individual Scheme-KGs. Details are set out as follows:

(i) Nominated Estate KGs

For Scheme-KGs in housing estates operating in premises allocated under the EDB-administered school allocation or nomination mechanisms (“Nominated Estate KGs”) which are paying rental at concessionary rate as assessed by the Hong Kong Housing Authority (around 50% of market rent) and stipulated in the tenancy agreements, they will be eligible for full rental subsidy subject to the fill-up rate² calculated on the basis of total enrolment against the permitted accommodation in one session. The provision will be as follows:

² The session with the higher enrolment shall be taken for calculation of fill-up rate as follows:
[The number of students in the KG in the morning session or in the afternoon session whichever the higher ÷ total permitted accommodation as stated on the Accommodation Certificate] × 100%

Fill-up Rate	Rental Subsidy
50% or above	Full
25% to <50%	50%
<25%	25%

Note: New Nominated Estate KGs will be eligible for full rental subsidy in the first three-year tenancy agreement regardless of their fill-up rate.

(ii) Former aided child care centres under the Social Welfare Department (SWD)
For former aided child care centres under SWD before Harmonisation in 2005 currently in receipt of full rental reimbursement and mainly situated in premises of public housing estates paying less than 50% of market rent, they will continue to be eligible for full rental subsidy.

(iii) Other KGs

(a) For other KGs, the rental subsidy will be subject to “dual” caps at 50% of open market rental as assessed by RVD, or 15% of the “basic half-day (HD) unit subsidy”³ for all eligible students of the Scheme-KG, whichever is lower. Should the amount of rent stipulated in the tenancy agreement be lower than RVD’s assessment, the cap at 50% of open market rental will be based on the rental stipulated in the tenancy agreement.

(b) For individual Scheme-KGs which are currently paying market rent and receiving rental subsidy under the Rent Reimbursement Scheme but will be entitled to less subsidy under the new RSS, their current rented premises under the Rent Reimbursement Scheme will continue to receive the current subsidy for a grace period of four years from the 2017/18 to 2020/21 school years. During the grace period, the amount of rental subsidy will be the full rental amount as stipulated in the tenancy agreement or the market rent as assessed by RVD, whichever is lower, subject to the same set of fill-up rates for “Nominated Estate KGs” as set out in paragraph 6(i) above. Starting from the 2021/22 school year, these KGs will be under the “dual” caps as “Other KGs” as set out at (a) above.

(c) Should individual KGs be eligible for the grace period arrangement as set out at (b) above, but wish to be covered under the “dual” caps with effect from the 2017/18 school year, they should complete and return [Appendix 1](#) to EDB on or before **27 March 2017 (Monday)**.

³ The basic HD unit subsidy for the 2017/18 school year will be \$33,190 per student per annum (pspa), the 15% of which is \$33,190 x 15% = \$4,979 pspa.

Other considerations

7. For any Scheme-KGs that are also approved to operate child care services for children aged 0 to 3 years (except former aided child care centres under SWD as mentioned at paragraph 6(ii) above) and/or classes offering non-local curriculum, the calculation of rental subsidy will be based on the proportion of eligible KG students towards total enrolment of the KG-cum-CCC/school.

8. If an approved Scheme-KG has been rejected by EDB to stay in the Scheme or approved by EDB to withdraw from the Scheme as respectively set out in paragraphs 9.4 and 9.5 of the “Terms and Conditions for Joining the Scheme” at Appendix 1 of [EDBC No.7/2016](#), only the eligible students staying in the Scheme will be counted in calculating the rental subsidy. In this connection, further apportioning the rental expenditure between eligible and ineligible students under the Scheme will be required.

Disbursement arrangement

9. Rental subsidy will be disbursed on a monthly basis from August or September (to tie in with the commencement of the school year of individual Scheme-KGs). The provisional amount of rental subsidy from August or September to December will be released on the basis of the projected enrolment as of September (provided by KGs concerned through the Rental Subsidy Scheme System as mentioned at paragraph 14 below), with adjustments, if necessary, in January and subsequent months of the following year, upon verification with actual enrolment of eligible students as of September of the school year concerned.

Accounting arrangement

10. For accounting and auditing purposes, Scheme-KGs are required to maintain separate ledger accounts to record rental subsidy and rental expenditure, and report these income and expenditure in their annual audited accounts to be submitted to EDB. Detailed reporting requirements will be set out in separate circular memorandum calling for submission of annual audited accounts. Documents such as tenancy agreements and rental receipts should be kept at schools and made available to EDB when requested. As a usual practice, relevant records of the subsidy should be kept for a period of not less than seven years. Any unspent balance of the rental subsidy based on annual audited accounts will be clawed back by EDB.

11. Scheme-KGs are required to return the amount of rental subsidy they received as specified by EDB in full to the Government if they are subsequently found using the subsidy for other purpose(s) and/or no longer meeting the eligibility criteria. Scheme-KGs should inform EDB in writing in the first instance when there are any changes in their operation which make them no longer eligible for rental subsidy, and EDB reserves the right to withhold the payment of the subsidy concerned, deduct the overpaid amount from other grants, and/or demand immediate repayment.

APPLICATION PROCEDURES

12. All Scheme-KGs meeting the eligibility criteria set out in paragraph 3 above are invited to apply for joining RSS in the 2017/18 school year. KGs having submitted applications to join the Scheme with approval pending may also apply. Approval for the rental subsidy will be subject to approval for them to join the Scheme. Eligible KGs currently in receipt of rent reimbursement (i.e. Nominated Estate KGs as mentioned at paragraph 6(i) and those under the grace period as mentioned at paragraph 6(iii)(b) above) have to submit fresh applications for joining RSS. However, former aided child care centres under SWD currently in receipt of rent reimbursement should continue to follow the existing procedures for rent reimbursement, hence need not apply for joining RSS.

13. The amount of rental subsidy disbursed to each eligible Scheme-KG is based on the school registration under the Education Ordinance (Cap. 279) by each registered school location enrolled with KG students. For Scheme-KGs with more than one registered school locations with separate tenancy agreements, separate applications should be submitted. For those having all or some school locations under the same tenancy agreement, one application should be submitted for school locations under the same tenancy agreement.

14. As the calculation of rental subsidy will be subject to fill-up rate and “dual” caps, and apportionment for the Scheme-KG section, CCC section and/or section offering non-local curriculum, to facilitate Scheme-KGs’ submission of the information, a Rental Subsidy Scheme System (“RSS System”) has been developed and rolled out together with the “Procedural Guide on E-Application for Rental Subsidy under the Rental Subsidy Scheme (“RSS Guide”) (at <https://fkg.edb.gov.hk>). The procedural guide can be downloaded through the School Portal Account following the procedures illustrated at [Appendix 2](#). Eligible Scheme-KGs should follow the procedures illustrated at the RSS Guide for submission of applications for rental

subsidy through the School Portal Account⁴ (referred as “**E-Application**”). In particular, applicant Scheme-KGs have to input all the required information⁵ and follow the procedures for E-Application; print out the whole set of duly completed schedules from the School Portal Account; sign the schedule form(s) and submit their printed applications to their respective Senior School Development Officers or Senior Services Officers together with the following documents **on or before 31 March 2017 (Friday)**:

- (i) tenancy agreement; and
- (ii) documentary evidence provided by the landlord/grantee, indicating that the property/site can be let/sublet for rental purposes.

15. As regards application for rental subsidy after the 2017/18 school year, circular memorandum will be issued annually to invite applications.

TIE-IN WITH FEE ASSESSMENT

16. Through E-Application, the estimated amount of rental subsidy per month for individual eligible Scheme-KGs would be computed by the RSS System⁶. Eligible Scheme-KGs should use the same set of estimated enrolment information as mentioned at footnote 5 below for fee revision application of the school year; and accept any adjustment made by EDB to the approved school fees corresponding to the amount of rental subsidy.

NEW TENANCY AGREEMENT

17. Scheme-KGs should apply via E-Application for change in the amount of rental subsidy pursuant to new tenancy agreement through the School Portal Account⁷ at <https://fkg.edb.gov.hk> irrespective of whether there is any change in the rental amount. Detailed procedures are illustrated in RSS Guide.

⁴ Submission of application in hard copy which is NOT prepared and printed through the School Portal Account will not be accepted.

⁵ Eligible Scheme-KGs are required to provide the rental related information such as the validity period of the tenancy agreement, the monthly rental, and the estimated enrolment as of September of the 2017/18 school year for the KG section by level [i.e. nursery (K1), lower KG (K2) and upper KG (K3) classes], by session [i.e. AM, PM and whole-day (WD)]; and by stream (local and non-local curriculum), and estimated enrolment for the CCC section, if applicable.

⁶ Subject to adjustment according to the market rent as assessed by RVD as necessary.

⁷ Submission of application in hard copy which is NOT prepared and printed through the School Portal Account will not be accepted.

TRANSITIONAL ARRANGEMENT

18. For KGs currently receiving rent reimbursement (except former aided child care centres under SWD) but will not join the Scheme in the 2017/18 school year, they will continue to receive the rent reimbursement as at present until they cease to operate the KGs in their current rented premises⁸. Should these KGs be approved to join the Scheme in the 2017/18 school year or thereafter, all approval granted to these KGs in rent reimbursement shall be void with effect from the school year that they are approved to join the Scheme. As mentioned at paragraph 12 above, Nominated Estate KGs as mentioned at paragraph 6(i) and KGs under the grace period as mentioned at paragraph 6(iii)(b) above have to submit fresh applications for joining the RSS.

BRIEFING SESSIONS

19. To facilitate KGs' understanding of the details of RSS, three identical briefing sessions will be conducted with details as follows:

Date (Time):	Session 1: 2 March 2017 (Thursday) (9:30 am – 12:30 pm) (Region/District: KGs located in Kowloon and Sai Kung)
	Session 2: 6 March 2017 (Monday) (9:30 am – 12:30 pm) (Region/District: KGs located in Hong Kong, Islands, Kwai Chung & Tsing Yi and Tsuen Wan)
	Session 3: 6 March 2017 (Monday) (2:30 pm – 5:30 pm) (Region/District: KGs located in North, Sha Tin, Tai Po, Tuen Mun and Yuen Long)
Venue:	Lecture Theatre, 4/F West Block, EDB Kowloon Tong Education Services Centre 19 Suffolk Road, Kowloon Tong, Kowloon (Exit E, Kowloon Tong MTR Station)
Participants:	A maximum of 2 representatives from each eligible Scheme-KG in accordance with respective dates and regions/districts as stated above
Language	Cantonese

⁸ This is only a transitional arrangement for KGs currently receiving rent reimbursement but not joining the Scheme. No new application for such rent reimbursement will be entertained with effect from the 2017/18 school year.

ENQUIRIES

20. For enquiries, please contact your respective Senior School Development Officer / Senior Services Officer.

C S WOO
for Permanent Secretary for Education

**KGs under Grace Period Opting to be under the “Dual” Caps
Starting from the 2017/18 School Year**

(To be returned to respective Senior School Development Officer / Senior Services Officer of the kindergarten on or before **27 March 2017 (Monday)**).

I _____(Name of School Supervisor),
Supervisor of _____(Name of Kindergarten),
write to confirm that the said kindergarten opts to be covered under the “dual” caps and the conditions detailed at paragraph 6(iii)(a) of Education Bureau Circular Memorandum No. 32/2017 dated 20 February 2017 on “Rental Subsidy under the Free Quality Kindergarten Education Scheme in the 2017/18 School Year” with effect from the 2017/18 school year. I understand that the option, once made, is irreversible.

Signature of Supervisor: _____

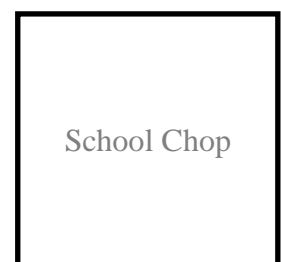
School Registration No.: _____

Tel. No.: _____

Contact Person (Name): _____

(Post): _____

Date: _____



Procedures for Obtaining “Procedural Guide on E-Application for Rental Subsidy under the Rental Subsidy Scheme” Through School Portal

1. Enter the following URL into the browser address bar:

<https://fkg.edb.gov.hk/>

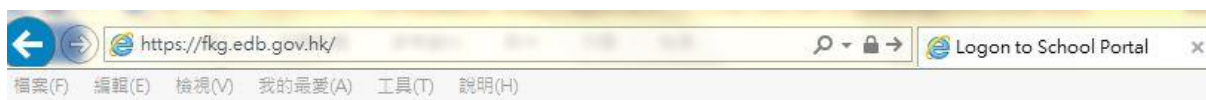


Figure 1

2. Use school portal account to log into the system.

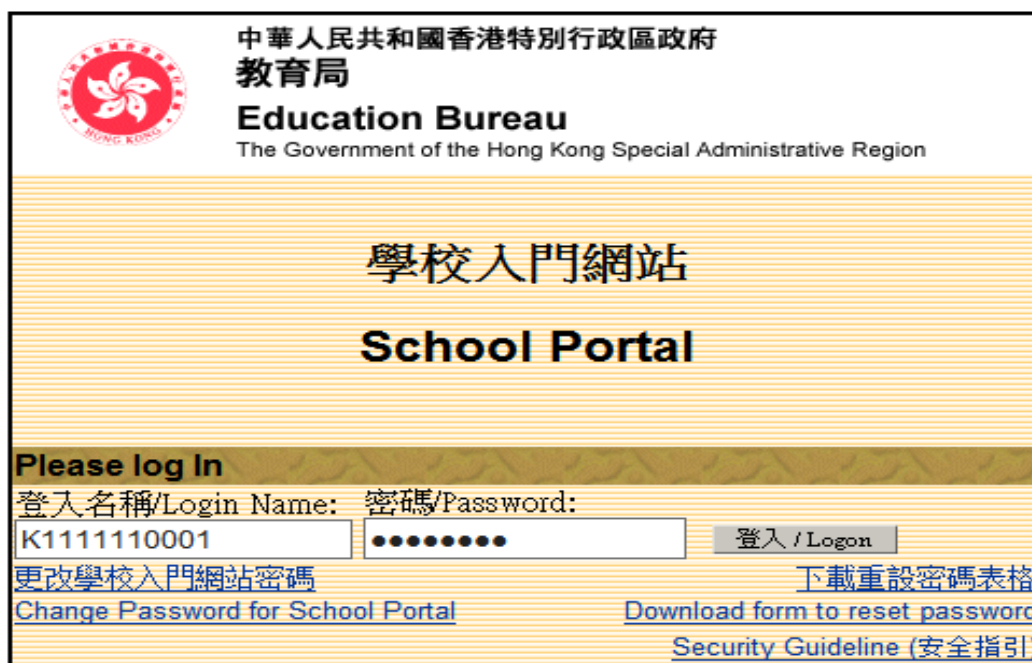


Figure 2

3. Click to expand the item “Rental Subsidy Scheme” on the menu bar after the login is successful.



Figure 3

4. Select “Procedural Guide on RSS E-Application” on the drop-down menu.

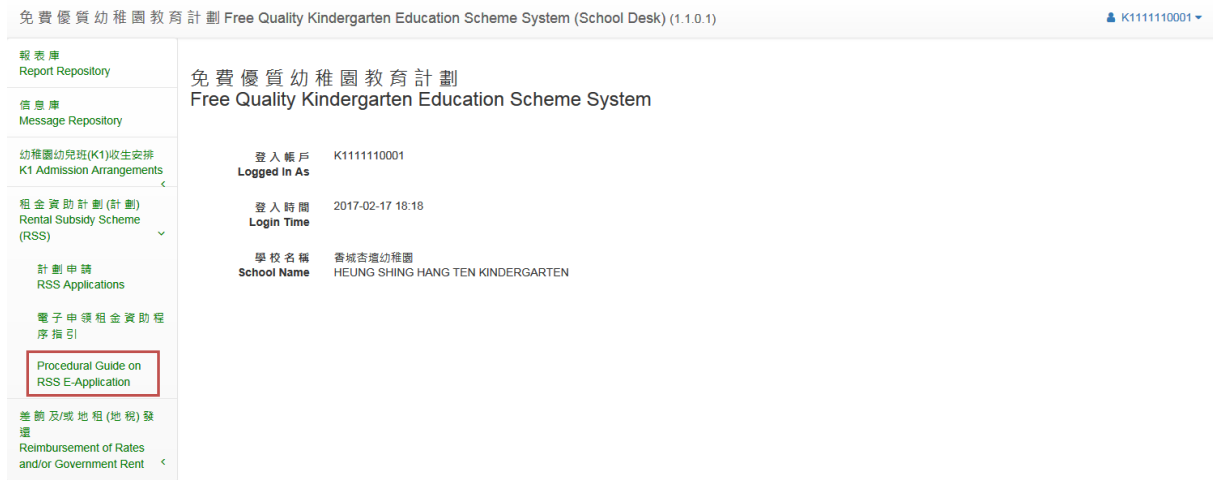


Figure 4

5. The procedure guide will be opened directly by browser in PDF format which may be downloaded and printed.