

Executive Summary

In the development process, young children may need various kinds of support services to cater for their needs including child care, education, nursing care, physical training, social skills development and play-based learning, etc, which could be provided by both their families and relevant organisations such as child care centres (CCCs) or schools. No matter it is from the family perspective or at societal levels, child support services should be based on child development with a view to enabling children to grow up in a happy, healthy and safe environment. From the policy perspective, the provision of child care services is crucial to family and population policies. Proper and well-arranged child care services could release the labour force of female who could not go to work because they have to take care of their families, lay a solid foundation for developing a pool of quality manpower, and uphold Hong Kong's long-term competitiveness.

2. The Bauhinia Foundation Research Centre (the Centre) aims at examining whether there are inadequacies of existing child care services in Hong Kong, subsidised by the Government and provided by NGOs, for those below the age of six who are not receiving pre-primary education services. Having reviewed child care policies in some other countries / regions, and learnt the useful lessons for Hong Kong, the Centre has put forward 12 policy recommendations under four policy directions.

3. The objectives of the study are (i) to address problems arising from the shrinking labour force of Hong Kong society. If well-coordinated child care services are available, parents may feel at ease with using such services and they could enter or rejoin the employment market. Proper child support arrangements not only help raise the standard of living of these families, but also make Hong Kong more competitive and enhance the society's long-term progress; and (ii) to encourage various sectors to jointly enhance the breadth and depth of child care services, enabling female free to choose to be child carers or to join the employment market with adequate and reliable support.

Key Findings

From NGOs-driven to publicly-funded and government-regulated

4. Lives were difficult in the beginning of the British colonial period. As there was a lack of community resources to address the needs for social services, child care services were mostly provided by overseas religious associations and community organisations. Since the

1950s, Hong Kong developed progressively, the governance had become well established gradually and economic activities flourished, leading to increase in both the demand and supply of child care services. The nature of child care services changed over time and the provision was meant to meet the social needs of working parents. From the 1970s onwards, the Government has been taking a proactive role in the planning for and governance of child care services by introducing the 'Child Care Services Ordinance'¹ and the 'Child Care Services Regulations'², setting up the 'Child Care Centres Advisory Inspectorate' and establishing a mechanism to recognise approved training courses for registration of child care workers. The Government launched the 'Fee Assistance Scheme for Child Care Centres' in 1982, assisting low-income families with social needs to arrange whole-day child care services for their children. During the 1980s and 1990s, there were concerns over accidents resulting from children being left unattended at homes as well as being abused or neglected by childminders. In response, the Government introduced the 'Extended Hours Service' and 'Occasional Child Care Service', and had the 'Child Care Services Ordinance' amended to facilitate non-profit organisations to set up mutual help child care groups to provide more support services for needy parents. Since 2000, the Government was committed to improving the quality and unifying the system of pre-primary services. Accordingly, a Working Party on Harmonisation of Pre-primary Services as well as a Joint Office for Kindergartens (KGs) and CCCs were formed to advise on matters relating to the harmonisation. Apart from that, the Government suspended the direct provision of child care services and put the focus on its coordinating role. Besides, the Government regularised the 'Neighbourhood Support Child Care Project (NSCCP)' in 2011, making community resources better utilised to support child care services.

Demand for diversified child care services resulting from social changes

5. The demand for child care service is dynamic and evolving with socio-economic and demographic changes, namely (i) the fluctuations in total fertility rate³ and total number of live births, despite the population aged under 6 picked up from the trough gradually⁴; (ii) the increase in education level among female⁵; (iii) the increase in labour force participation rate of female⁶; and (iv) the increase in proportion of dual-income families.⁷ These four major

¹ Formerly the 'Child Care Centres Ordinance'.

² Formerly the 'Child Care Centres Regulations'.

³ The total fertility rate increased from 0.90 in 2003 to 1.29 in 2012, then dropped to 1.12 in 2013 and rose to 1.24 in 2014.

⁴ The population of children aged below 6 increased from 268,876 in 2006 to 299,999 in 2011 (increased by over 10%).

⁵ The proportion of female aged 15 and over with secondary education and above increased from 50.0% in 1986 to 62.9% in 1996, 72.0% in 2006 and 76.9% in 2013 (a cumulative increase of about 27 percentage points).

⁶ The labour force participation rate of female increased from 44.3% in 1993 to 51.0% in the fourth quarter of 2014 (increased by over 6 percentage points).

⁷ The proportion of working parents in two-parent families with children aged under 6 increased from 40.6% in

changes have directly and indirectly brought greater service demand, and led to the call for a more diversified development of child care services.

Inadequacies of child care services in Hong Kong

6. There are three major inadequacies of existing child care services in Hong Kong: (i) inadequate service supply (ii) lack of commitment to child care services by the Government; and (iii) lack of foresight towards the concept of child care services.

Inadequate service supply

7. In 2011, there were 101,659 children aged under 2 in Hong Kong. Nevertheless, the number of places for them in CCCs⁸ was consistently 1,735 in the past five years, implying that on average 59 children aged under 2 compete for one place. The shortfall of services was particularly acute in districts where there are more poor households. Based on the ratio of places for children aged under 2 in CCCs to the population of these children, the Centre has identified five severely affected districts (by administrative districts under the Social Welfare Department; SWD), namely Wong Tai Sin and Sai Kung (1:155), Tai Po and North (1:122), Kwun Tong (1:116), Tuen Mun (1:109) and Sha Tin (1:98). It is noteworthy that there is no place available in subsidised standalone CCCs for children below the age of 2 in Wong Tai Sin and Sai Kung and Kwun Tong.

8. Government is of the view that NSCCP provides flexible child care service for needy families, and is therefore a desirable model worth further pursuing. However, financial support of Government to NSCCP operators is not comprehensive enough to maximise the effectiveness of the Project. For instance, funding to the Project is rather rigid, and the Government has not in mind any improvement measures to ensure home-based child carers' quality such as setting up a central registration mechanism for them and upgrading their service standards to meet public expectations to strengthen parents' confidence in using NSCCP services. In addition, the Government has not estimated the need for home-based child care places according to the actual needs of individual districts and has overlooked carers' contributions to society as well as failed to develop the market opportunities for child support services.

Lack of commitment to child care services by the Government

9. The child care services of whole-day CCCs are expensive and unaffordable for low-income families. Such expenses as percentages of income of ordinary households and poor households with 3- and 4-person families are about 15%-18% and 7%-9% respectively, albeit

2001 to 42.9% in 2011 (increased by over 2 percentage points).

⁸ Including standalone CCCs and KGs-cum-CCCs.

with the support of the 'Kindergarten and Child Care Centre Fee Remission Scheme'. Take a 3-person household with a child aged under 3 as an example. Since their monthly household income reaches \$27,600 (the median monthly household income for a 3-person household), they, according to the calculator provided in the Student Finance Office's homepage, could not benefit from the 'Kindergarten and Child Care Centre Fee Remission Scheme' and have to pay \$5,000 per month (18% of their monthly household income) for child care services. Taking a poor family as another example, their monthly income is \$13,800 (half of Hong Kong's overall median monthly household income for a 3-person household) and they would receive 75% remission, yet the family still has to pay \$1,250 per month (about 10% of their monthly household income) for the services. Despite there is in place a fee remission mechanism, the financial support for low-income families via the current standardised funding mode is rather limited.

10. Public expenditure on child care services as percentages of GDP and total government expenditure have been consistently below 0.1%, reflecting that the Government attaches no importance to child care services and fails to meet the demand for diversified child care services. In 2011, expenditure on child care services by OECD members as percentages of GDP were contrastingly 0.37% on average, and 0.72% and 0.35% in South Korea and Japan respectively. Considering Hong Kong's economic development, our expenditure on child care services is on the low side and could not help enhance our potential and future human capital.

11. The ratio of CCC staff to children is regularised by the 'Child Care Services Regulations'. The ratios are 1:8 and 1:14 for children aged under 2 and for those aged 2 to under 3 respectively. The ratio of a KG staff to children aged between 3 and below 6 is 1:15. The ratios in overseas regions have been ahead of Hong Kong's. For example, the staff-to-child ratios in formal day-care services for children aged 0 - 3 were 1:4 and 1:4.5 in South Korea and Japan respectively. In Singapore, the ratio for aged 2 -18 months, aged 18 - 30 months and aged 30 - 36 months are 1:5, 1:8 and 1:12 respectively. When comparing with these Asian countries, staff-to-child ratio in Hong Kong lags behind other regions, showing that the Government has not attached importance to child care services and failed to provide assurance that children may enjoy quality services.

Lack of foresight towards the concept of child care services

12. The less-than-upbeat quality and quantity of child care services could be attributed to the lack of commitment to child care services by the Government. Among other reasons, the Government has adopted too narrow a view of understanding the concept of child care services and neglected the demand for diversified child care services in the rapidly changing

social and economic environment, and is thus unable to respond to service needs in a timely manner, resulting in a widening gap between subsidised services and actual needs of society and inappropriate spending of public resources. In the long run, this would negatively affect the quality of labour force.

13. Furthermore, the unsatisfactory manpower planning for child care services could not retain and attract talents. Currently, the qualification for being a child care worker and a KG teacher is mutually recognised. Nonetheless, there is a difference between their salaries: teachers of whole-day KGs will receive an average salary of \$20,904 per month while child care workers expect an average starting point at \$16,140 per month though they all have completed higher diploma in early childhood education before registering as child care workers or KG teachers. Besides, the working hours of KG teachers are usually less than those of child care workers, which further widens the gap between their remuneration packages and career prospects. In the long run, the industry is likely to shrink due to manpower shortage, hindering the development of child care services.

Child-development-oriented with the objective of raising female labour force participation rate

14. Overseas experience reveals that the concept and positioning of child care services should be child-development-oriented and one of the policy objectives includes raising the labour force participation rate of female. We lag far behind other regions with similar economic development stages in child care investment. Despite the differences in socio-economic development, it is worthwhile to make reference to the concept and objectives of their policies, in particular the role of government, and funding and service modes. Taking four Asian regions (Singapore, Taiwan, Japan and South Korea) as examples, these governments have been implementing child care measures proactively in recent years, including the provision of cash subsidies for qualified parents.

Recommendations

15. We believe that it is essential for all stakeholders working together to formulate appropriate strategies for enhancing child care services, providing diversified services to support needy families, and enabling the future generation to healthily grow up in a safe and happy environment. It is important that members in the community should be fully aware that the following initiatives are based on two fundamental principles: (i) to think out of the box, i.e. not to be bounded by the existing child care concept and strike a balance among the development needs of children; and (ii) to draw up a comprehensive child care policy and propose relevant measures with due emphasis on quality and quantity. In this connection,

we have put forward 12 policy recommendations under four strategic directions, namely 'service supply', 'service quality', 'government commitment' and 'change in the traditional mindset'.

Strategic Direction 1: Providing adequate child care services to unleash the latent labour force of female

Extending the scale of 'Neighbourhood Support Child Care Project' to fill the gap in service hours of regular child care services

16. The limited places in CCCs fell far short of meeting the needs of working parents. NSCCP's flexible services do help fill the gap. The Centre suggests that the Government should intensify the Project and enriched measures will include: making home-based child care services institutionalised by establishing a registration system; exploring the potential manpower source by recruiting young elderly persons such as grandparents; offering incentives for attracting suitable persons to join the service industry, say, setting up a central mechanism to adjust the incentive payments periodically, enhancing carers' skills, quality and employability by providing them training/re-training opportunities; introducing a two-tier system for carers based on their qualifications and experience, namely the 'registered carer' and 'experienced carer' with experienced carers being granted a higher level of incentive payment. The Government may also consider including the care service industry in the Qualifications Framework to encourage the carers to learn and improve continuously. It is roughly estimated that an increase in home-based service places (make it a double to 1,404) would cost about 23.6 million per year.

Promoting the development of social enterprises to provide child care services and engaging people from different sectors to serve the community

17. The concept of social enterprises (SE) has been widely promoted in recent years. Their entrepreneurial strategies and operating models are suitable for those running business to benefit the public. The Government through the 'Enhancing Self-Reliance Through District Partnership Programme' provides seed grants for eligible organisations to set up SEs to create job opportunities and gather people from different sectors to serve the community. The Centre suggests that the Government should encourage SE operators to provide child care services or training courses for home-based child carers, make good use of cross-sectoral resources, unleash the creativity to propose new ideas and boost cooperation among professionals in various aspects.

Adopting a multi-pronged approach to expand land resources for child care services

18. The crux of the problem in local child care services is the acute shortage of child care places. One of the hindrances to increasing such places includes the difficulty in finding suitable sites for setting up CCCs. With a view to increasing child care services at a faster pace, the Centre suggests both the public and private sectors: (i) reserving spaces for the provision of child care services in government offices and buildings, hospitals and higher education institutions; (ii) allocating suitable spaces for CCC use when sites of new and redeveloped public housing estates are zoned; (iii) setting up CCCs near public transport interchanges or inside MTR stations; (iv) planning for CCCs in properties of business associations; and (v) actively promoting the 'Special Scheme on Privately Owned Sites for Welfare Uses' to encourage welfare organisations to make better use of their land through in-situ expansion or redevelopment, provide diversified facilities to meet the child care service demands, and introduce more flexible funding arrangements for the use of renovation projects and acquisition of equipment.

Optimising resource allocation to respond to the demand for child care services in different districts

19. The demand for child care services for young children often exceeds the supply and districts where more lower-income households are more seriously affected; e.g., the utilisation rates of 'Extended Hours Service' places in Sham Shui Po and Wong Tai Sin and Sai Kung are high and there is no subsidised place in standalone CCCs in Wong Tai Sin and Sai Kung and Kwun Tong. The Centre considers it more desirable to take factors into account such as the number of young children and household incomes in individual districts while planning the number of places for each of the SWD administrative districts for fairer resources allocation and better addressing the need of each district. It is recommended that the Government should adopt a community-based approach, enabling problems in districts to be resolved in a timely and coordinated manner. For 'Extended Hours Service', the Centre suggests the Government opening community centres during non-office hours and coordinating the joint efforts of government departments and NGOs to provide targeted services. Moreover, the additional subsidised places of 'Extended Hours Service' announced in the '2015 Policy Address' should be allocated according to needs of individual district/region. Furthermore, the Government could consider increasing long whole-day KG places in districts far away from the core business areas, and transferring the places of other support services to districts with greater demand. It is roughly estimated that an increase in 'Extended Hours Service' places (up to 14,987) would cost about 0.2 billion.

Strategic Direction 2: Upgrading the standard of child care services and providing a clearer career prospect in the child care service industry

Re-engineering manpower planning for child care services and providing a clearer career prospect in the child care service industry

20. Currently, the entry qualification requirements of KG teachers and child care workers are aligned, of which all have to follow the same curriculum leading to a higher diploma. Employment prospects of KG teachers are better than child care workers, hence attracting quite a number of diploma holders to join the industry. If the situation continues, child care services for aged 0 - 3 will not be sustainable due to manpower shortage. The Centre suggests re-engineering manpower planning for child care services with a multi-pronged approach. Measures include: recruiting additional staff members and improving the staff-to-child ratio; reviewing and reforming the child care worker grade, providing a clear career ladder and creating a management post between the levels of child care worker and child care supervisor. In the meantime, the industry should via public education and publicity efforts let the public know about the work of child care workers which is challenging and requires love and patience. This can help facilitate carers' advancement and promote the integrity and competence of child care practitioners with a view to enhancing their social status and attracting new blood.

Advocating parent education and materialising the common goals of nurturing our masters of the future

21. It is commonly recognised that parents are first teachers of their children. As reflected by frontline child care workers, parents are not aware of their important role in children's development process. The Centre believes that parent education could be conducted in a regulatory but lively way. We recommend that SWD, District Councils, NGOs and schools should regularly organise parent-teacher meetings, seminars, workshops, forums, game fairs and gatherings etc, encourage parents to get involved in child care issues; build up support networks by inviting experts to share child care knowledge and skills to enhance parents' abilities to take care of their children, provide psychological support and assist parents to tackle child care problems; set up a hotline and a dedicated online platform for parents to maintain communication and provide a wide range of support services for parents in maternal and child health centres and CCCs, in order to deepen their understanding of parent education and child care services.

Strategic Direction 3: Expanding the funding mode to enhance the child care support for more families in needs

Exploring the feasibility of implementing a pilot scheme on ‘Carer Supplement’ to complement family requirements of meeting financial needs and child duties

22. The Government has been emphasising a parent-care approach to encourage parents to personally be involved in taking care of their children. To take care of their families, they have to forgo their jobs and careers, adversely affecting the financial situation of their families. To address the dilemma over the choice between work and family commitments, the Government should explore the feasibility of implementing a pilot scheme on ‘Carer Supplement’. The recommended allowance is \$2,000 per month for each child aged below 2 and all applications are subject to an income test (75% of the median monthly household income by household size). The allowance will be paid regularly from the month of birth until the child reaches two years old. It is roughly estimated that the cost would be about 0.12 billion per year.

Issuing ‘Child care services voucher’ to alleviate working parents’ financial burden of child care expenses

23. To assist parents who choose to return to work within a period of time after their babies were born, the Centre suggests the Government to issue ‘Child care services voucher’ to relieve pressure between parenting and work. The value of vouchers is recommended to set at \$12,000 to families with children aged 2 to below 3. Applicants need to pass the income test and social needs assessment. The vouchers could be used to pay for any child care services at different times in the neighbourhood community which best suit their needs. This funding mode, namely the ‘money-follows-the-user’ approach, will not only relieve the financial pressure on grassroots families, but also provide parents with more flexible choices of child care service, with a view to attracting the private sector participation, diverting service demand to the private market, expanding the industry and creating more job opportunities. It is roughly estimated that the cost would be about 68.52 million per year (assuming 10% of parents are qualified) or 0.3 billion per year (assuming 50% of parents are qualified).

Allowing tax deduction for salaries tax for child care expenses to benefit those marginal middle-class (subject to a ceiling of HK\$30,000 per annum)

24. Another needy group is the marginal middle-class. They could not benefit from public housing and other welfare assistance but have to shoulder a heavy financial burden caused by high rents and mortgage payments. Middle-class families thus face tremendous pressure to make ends meet. With this regard, the Centre recommends allowing tax deduction (subject to a ceiling of \$30,000 per annum) under salaries tax for child care expenses to benefit middle-class families with children aged below 3. It is roughly estimated that the cost would be about 0.14 billion per year.

Adjusting the operating mechanism of the ‘Kindergarten and Child Care Centre Fee Remission Scheme’ to expand the coverage of beneficiaries

25. The ‘Kindergarten and Child Care Centre Fee Remission Scheme’ is applicable to children receiving whole-day child care services in CCCs. Families with social needs and who have passed the income test would be given full, 3/4 or 1/2 remission depending on their income levels. Taking the 3-person household mentioned in paragraph 9 as an example, the family will receive no fee remission if they exceed the median monthly household income for a 3-person household. These families face tremendous pressure owing to the expensive child care services. Therefore, the Government should relax the income ceiling of assistance under the mechanism and expand the scope of ‘adjusted family income’ to benefit more families.

Strategic Direction 4: Promoting a change in mindset and removing barriers hindering female from joining the labour market

Promoting gender equality in labour division and urging male to participate equally in child care responsibilities

26. Influenced by the traditional Chinese culture, female usually share more child-raising responsibilities regardless of their employment status. As time goes by, we have different perception towards gender division of labour. Sharing child-raising responsibilities equally by parents could help relieve the burden on female and increase their motivation for work. The Centre suggests the Government stepping up efforts in promoting the concepts of gender equality. Moreover, the community should avoid advocating gender stereotypes and encourage male to share the care responsibilities. In the long run, the community should work together to help narrow down the time gap between male and female undertaking paid work and non-paid household duties and encourage male to gradually spend more time on child care so as to develop a more balanced and diverse workforce.

Cultivating a family-friendly working environment and appealing to employers for their understanding to implement family-friendly employment measures

27. In its ‘White Paper on Social Welfare into the 1990s and Beyond’ published in 1991, the Government suggested enhancing the flexibility of day-time child care services and encouraging the provision of workplace-based child care services. Recently the Government reiterated its stance on encouraging corporations to provide on-site child care services for their staff members, indicating that the Government consider this a possible solution. The Centre suggests that the Government should encourage those corporations with own properties to provide land resources and cooperate with NGOs to offer child care services for their staff members. Besides, the Government should proactively encourage employers to consider

introducing family-friendly employment practices such as offering flexible work arrangements and allowing employees to bring their children to work when necessary. This win-win situation not only supports the employees, but also helps employers retain manpower by enhancing staff members' sense of belonging and loyalty.

Concluding Remarks

28. Parents' demand and needs for child care services are dynamic and would evolve along with social changes. However, the current provision of child care services cannot comprehensively support parents with regard to its concepts and positioning, number of places, coverage of services and manpower planning. As a result, parents find it exhausting to strike a balance between work and family life. In the process of allocating child care resources, the Government should weigh the aspirations as well as demand and needs of users, make good use of community networks including services offered by different providers, and strike a balance between satisfying the needs of users and distributing resources reasonably. Last but not least, society should work hand in hand to solve the problems arising from resources allocation and expectation management, help young children flourish and prepare them to face challenges in the future.