

Finance Committee of the Legislative Council

**Extract from the Minutes of the 7th meeting
held on 27 February 2004**

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Item No. 5 - FCR(2003-04)62

**HEAD 156 – GOVERNMENT SECRETARIAT: EDUCATION AND
MANPOWER BUREAU**

♦ Subhead 700 General other non-recurrent

New Item “Grant to an Early Retirement Ex-gratia Payment Fund”

**This item invites Members to approve a grant of \$700 million for establishing
an Early Retirement Ex-gratia Payment Fund.**

11. Mr YEUNG Yiu-chung said that Members of the Democratic Alliance for Betterment of Hong Kong (DAB) supported in principle the proposal of introducing the Early Retirement Scheme (ERS). Given that the Early Retirement Ex-gratia Payment Fund of \$700 million could be offset by the recurrent savings of \$900 million a year generated as a result of reduction in classes, he suggested that ERS be implemented on a wider scale to achieve more savings on the one hand and to release more teaching positions for fresh graduates on the other. PSEM said that EMB would determine the annual quota for ERS based on the estimated supply and demand of teachers and the availability of funding. As to whether ERS would be continued after the next three school years, PSEM said that this would depend on the feedback on the outcome of implementation of ERS.

12. Mr CHEUNG Man-kwong said that DP Members supported the proposal as ERS would provide stability of employment for teachers. It would also make available more vacant positions for serving teachers and fresh graduates as well as the flexibility in the allocation of teaching positions.

13. Mr Tommy CHEUNG said that Members of the Liberal Party (LP) were supportive of the proposal. He enquired whether the positions vacated by the retiring teachers would be replaced. PSEM explained that aided schools under the same educational organization were allowed to flexibly allocate the vacated positions within the organization to accommodate non-retiring surplus teachers.

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14. While supporting the proposal, Ms Emily LAU noted that the Administration's paper had not made any reference to the outcome of consultation. She was concerned that the departure of a large number of experienced teachers would adversely affect the quality of education. It might also conflict with the implementation of small class teaching which would inevitably require more teachers. PSEM affirmed that the Administration had consulted teachers associations and they were supportive of the proposal. As regard small class teaching, funding would be provided to the schools selected for the pilot scheme on small classes so that they could engage more teachers and/or more teaching aids. On the concern about the departure of a large number of experienced teachers, PSEM said that the school principals would have the discretion to approve the early retirement of teachers having regard to their staffing situation.

15. Noting that teachers who received the early retirement ex gratia payment would be required to sign an undertaking to the effect that he or she would not take up full-time or part-time teaching employment starting from the date of early retirement, Mr MA Fung-kwok enquired if the employment referred to would apply to non-teaching positions. PSEM advised that teachers retiring under ERS would not be allowed to take up teaching posts in government, aided, caput and direct subsidy scheme schools but would be allowed to take up non-teaching positions in the schools.

16. Dr LO Wing-lok asked if schools were obliged under contract terms to guarantee the employment of teachers until their retirement. He was concerned that the introduction of ERS for aided primary teachers might set a bad precedent for public and aided institutions. PSEM said that while no employers would have the obligation to guarantee their employees' employment until retirement, there was a need to maintain the stability of the education sector amid the education reform. There was also a need to make available teaching positions for fresh graduates. Furthermore, the proposed ERS would achieve savings and assist in reducing the budget deficit. As the funding for ERS would be made on an ex gratia basis and would be subject to review, it would not set a precedent for other public institutions. Besides, a case could be made to reinforce ERS to the education sector only as teachers of aided schools were paid through Deficiency Grants and their provident fund was administered by the Government.

17. The Chairman put the item to vote. The Committee approved the proposal.

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