

April 16, 2007

To: The Legislative Council Panel on Education

From: 2004 Native English-speaking Teachers and
NESTA Executive Members

Re: Compensation of \$29,400 for 2004 NETS

Summary of Points

- 1) The claim is for compensation for the amount of \$29,400 for each NET who signed contracts in 2004.
- 2) By adjusting the SA back to Aug/Sep 2005, the EMB created a discrepancy of \$1,225.00 per month, or 20% between the 2 groups of NETs; those who signed in 2004 and those who signed in 2005. At the time of the adjustment, both groups of NETs held current contracts. It has always been understood that the SA was intended to be equal for all NETs holding the same contracts.
- 3) The 2004 NETs are the only NETs in the scheme to have suffered, in one year, a 20% reduction in their income. What we are asking for is simple parity with those 2005 NETs who did not suffer the cut to the SA. "Equal pay for equal service."
- 4) At the time, this 20% cut to our salaries came on top of other salary cuts, increases to taxes, increases to the cost of living and to educational fees, and huge drops in the exchange rates which made the NET scheme no longer attractive to many of those NETs who left the scheme.
- 5) The SA has historically always been the same for each NET regardless of when their contracts started. This principle of equity vanished with the retroactive payment to NETs who signed in 2005.
- 6) Many 2004 NETs were not informed of the impending change to the SA until mid-April or May of 2004; some even as late as June. By this time, it was too late to seek employment elsewhere.
- 7) The EMB stated that the cut would come into effect as contracts were renewed and that the 05 NETs would experience the same cut to the SA. As you are aware, this did happen, but all the money the 05 NETs lost was reimbursed.
- 8) With no avenue for appeal, and isolated within their own schools, Nets who signed contracts in 04 were forced to accept the conditions of the contracts imposed upon them at such a late stage. Their concerns and dissatisfaction with the procedures were ignored by the EMB until April

2005 when the EMB was faced with the possibility of a mass exodus of current NETs.

- 9) The adjustment occurred in the middle of a then current 2-year contract, therefore, creating a two-tier SA. No way did this provide certainty to NETs. The fact remained that the EMB's resistance to adjust the SA to August 04 was to save money (approximately \$10,300,000 at the time), at the expense of the 04 NETs.
- 10) According to the report from the LEGCO meeting with NET representatives and the EMB held in July 2005, the EMB was given the mandate to develop a new plan that "should be acceptable to NETs". The Finance Committee felt that the Administration should be given flexibility. The Administration was told not to stick to bureaucratic procedures that would impede this process and that ALL NETs must be given the opportunity to comment on any proposal before it could be said that NETs agreed to it.
- 11) Discussion on adjusting the SA to the start of the 04 contracts was shut down by the EMB when the SA&C committee tried to put it on the table. They claimed that it was not possible based on the fact that there was no mechanism for retroactivity, in spite of the SA being made retroactive to Aug 05.
- 12) Because the EMB failed to adequately communicate with the vast majority of NETs, the agreement was never acceptable to the large number of NETs who signed contracts in 2004 and who lost \$30,000.
- 13) The 04 NETs never accepted the package that the EMB presented in October 2005. The Administration denied us the opportunity to voice our dissatisfaction. We were never informed that the package only included retroactive payment to August 2005 and not to August 2004. At the insistence of the EMB, this package was kept secret from NETs until the deal was finalized.
- 14) SA was adjusted upward from August/September 2005. The EMB never went far enough to adjust the SA to August/September 2004. The Administration did not adequately communicate with the vast majority of NETs. Because the plan did not address compensation for the loss of income caused to at least those 400 NETs who started their contracts in August/September 2004, the plan was unacceptable.
- 15) If this adjustment to the beginning of the 05 contracts was reasonable for one group, it was reasonable to expect the adjustment to include the beginning of the 04 contracts. As past chairperson of the Panel on Education, Dr. Yeung Sum continually stated in meetings with the Administration, the EMB must honour the spirit of the same contract signed by everyone. Even though it was regarded as a "good will gesture" on the part of the EMB to grant the increase half way

through the contracts of the 04 NETs, the EMB did, indeed, create a two-tier allowance. "Equal pay for equal service."

- 16) The adjustment of the SA to \$12950 is greatly appreciated. However, even though the Administration states otherwise, it clearly demonstrates their ability to make retroactive payments.
- 17) NETs see the RI as a positive step to retain NETs in the scheme. However, the RI just does not level the playing field. It took too long for 04 NETs to recover their loss of income. For example, the best-case scenario is secondary NETs at the top of the pay scale receiving \$43,940 per month and who had completed multiple contracts. They are receiving a RI of 10%. However, they had to work for 7 months from the time they received their first RI payment in order to recover the amount of money lost from the reduction in the SA and to break even. For those NETs who are at the top of the scale but are only collecting 5%, it took them twice as long. Primary NETs were even harder hit as they are paid on a lower scale than secondary NETs. Those NETs who signed on in 04 did not even qualify for the RI. They were the hardest hit by this cut because they had to wait until they began their new contracts in August 2006 to collect the RI before they could begin to recover their loss. Many 04 NETs had to work well into the 2nd year of their 06 contracts in order to recover what they lost from the one-year reduction to their income. NETs who signed in 05 will be way ahead financially at the end of their contracts in August 2007.
- 18) The EMB may not have technically breached the contract, but they have certainly breached the trust and faith of the 2004 NETs. This breach of trust and faith is something that NETs have already passed on and will continue to pass on to their colleagues in their home countries, to the detriment of the Hong Kong Government NET Scheme.

Submitted by
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(on behalf of the 2004 NETS)