

**Panel on Education
Early Retirement Scheme
for Aided Primary School Teachers**

Information Note

This note informs Members of the operation of the Early Retirement Ex-gratia Payment Fund for Aided Primary School Teachers (the Fund) under the Early Retirement Scheme (the ERS) and the way forward after its implementation for four years.

2. The Finance Committee (FC) approved in February 2004 vide FCR(2003-04)62 a grant of \$700 million for establishing the Fund to launch the ERS initially for three school years starting from the 2004/05 school year, primarily to alleviate the problem of surplus teachers. FC further approved in January 2005 vide FCR(2004-05)38 revisions to the eligibility criteria for the ERS. An additional \$10 million was approved under delegated authority for continued implementation of the ERS in 2007.

3. Up to September 2007, 2 338 primary school teachers joined the ERS (of which 506 teachers joined in 2004, 948 in 2005, 475 in 2006 and 409 in 2007). The total ex-gratia payment made from the Fund amounted to \$727 million. Taking into account the \$25 million interest received, the balance of the Fund as at 29 February 2008 stood at around \$8 million.

4. With the launch of the ERS in the 2004/05 school year and the introduction of various relief measures in early 2006, the situation of surplus primary school teachers has significantly improved. The provision of additional teaching posts for public-sector primary schools in the 2008/09 school year for two years to support preparation for small-class teaching will further alleviate the situation of surplus teachers. With the implementation of small-class teaching from the 2009/10 school year, the demand for aided primary school teachers is expected to increase accordingly. Therefore, the ERS will not be continued from the 2008/09 school year and the outstanding balance of the Fund of about \$8 million will be returned to the Government.

5. Members are requested to note the content of the paper.