

**For discussion on  
9 March 2009**

## **Legislative Council Panel on Education**

### **Extension of the Early Retirement Scheme for Aided Secondary School Teachers**

#### **Purpose**

This paper seeks Members' views on the proposal to extend the Early Retirement Scheme for Aided Secondary School Teachers (ERS) for four more school years from 2009/10 to 2012/13.

#### **Background**

2. The Finance Committee (FC) of the Legislative Council (LegCo) approved in July 2005 vide FCR(2005-06)25 a grant of \$520 million for setting up an Early Retirement Ex-gratia Payment Fund for Aided Secondary School Teachers (the Fund) to implement the ERS. The objectives of the ERS are to provide an incentive in the form of ex-gratia payment for some teachers of aided secondary schools to retire early so as to facilitate schools to resolve the subject mismatch of teachers arising from implementation of the new senior secondary (NSS) curriculum, to ease the problem of teacher redundancy, as well as to make available teaching posts to fresh graduates, thereby maintaining a healthy turnover in the teaching force. An outline of the ERS as approved by FC of LegCo is at Annex.

3. The ERS has been implemented for the 2006/07 to 2008/09 school years as planned. 444 teachers have been approved to receive ex-gratia payment under ERS, amounting to a total of \$219 million. The balance of the Fund as at end January 2009 stood at \$361 million, including \$60 million as the interest received. This has resulted in a healthy turnover among the aided secondary schools in the past few years.

## **Proposal**

4. Given the continued needs, it is now proposed that the ERS be extended for four school years from 2009/10 to 2012/13, using the unspent balance of \$361 million and with the existing eligibility criteria of the Scheme remaining unchanged.

## **Justifications**

### *Curriculum Needs*

5. The ERS has, to a fair extent, facilitated schools to resolve the subject mismatch of teachers arising from implementation of the NSS curriculum. However, in the light of new insights gained through training, schools have become much more sensitive to the need to cater for students' diverse interests and abilities by offering a wider range and mix of NSS subjects for selection by students. To ensure better continuity and interface, some schools have also reformed their junior secondary curriculum to strengthen students' foundation knowledge in preparation for their taking up new NSS subjects such as Liberal Studies and those under Technology Education. With a deeper understanding of the NSS curriculum, some teachers may have second thought about their suitability or capacity to cope with the changes. However, it is difficult to estimate the number of teachers involved at this stage. Nonetheless, an extension of the ERS will provide schools with greater flexibility in re-adjusting the manpower mix and more opportunities for recruiting new blood to better prepare for and smoothen the implementation of NSS.

### *Teacher Redundancy*

6. To address the impact on the decline of student enrolment in secondary schools in the coming few years, EDB has introduced a series of support measures to maintain the stability of the teaching force. These include relaxing the criteria for approving classes and reducing the number of students allocated to each secondary 1 class. While such measures have helped to alleviate the redundancy situation, it is projected that a slight surplus of some 100 teachers may exist in the 2009/10 and 2010/11 school years respectively. Other measures

currently in use, such as job-sharing, re-deployment of teachers among schools of big school sponsors, creation of temporary vacancies by no-pay leave and schools' own funds, etc., may not be able to resolve the redundancy problem completely. We estimate that the need for ERS may subside in the 2011/12 school year when the two cohorts of students under the existing system and the NSS academic structure co-exist (i.e. the double cohort year). However, there is an essential need to maintain the ERS till the 2012/13 school year to cater for the aftermath of the double cohort year.

#### *Healthy Turnover*

7. By allowing some teachers to retire early in the 2009/10 to 2012/13 school years, we can make available more teaching posts to fresh graduates, thus maintaining a healthy turnover in the teaching profession.

#### **Extension of the ERS**

8. If an extension of the ERS is to be implemented, EDB will abide by existing practices in administering the Fund and the ERS. Such practices include holding the balance of the Fund in trust under the Permanent Secretary for Education Incorporated, tabling the audited accounts of the Fund before LegCo as soon as practicable after the closing of accounts at the end of each financial year, and informing this Panel annually of the operation of the Fund.

#### **Financial Implications**

9. The remaining balance of the Fund (i.e. \$361 million) will be sufficient to implement the ERS from the 2009/10 to 2012/13 school years. No further injection of funding is required.

#### **Public Consultation**

10. School councils and teacher unions have been consulted and they welcome the proposed extension.

**Way Forward**

11. Subject to Members' views, EDB will seek approval from the FC of the LegCo in April 2009 for implementation of an extension of the ERS as proposed in paragraph 4 above.

**Education Bureau****March 2009**

**Outline of the Early Retirement Scheme (ERS)**

**(1) The Scheme**

The Scheme is entitled Early Retirement Scheme for Aided Secondary School Teachers.

**(2) Eligibility**

- (a) The Scheme is open to all teachers, irrespective of rank, below the normal retirement age of 60 (as at 1 September of the year) who have been appointed as regular teachers within the normal teaching staff establishment in aided secondary schools (including special schools) in the 2006/07 to 2008/09 school years but excluding teachers with less than ten years of service. Teachers may apply to retire early before the start of the 2006/07, 2007/08 and 2008/09 school years. Where it is justified, some teachers may be allowed to retire early in the 2005/06 school year.
- (b) Teachers who have given notice to resign or are subject to disciplinary action leading to termination of their service are not eligible to join the ERS.

**(3) Calculation of the Ex-gratia Payment**

- (a) The ex-gratia payment is a one-off grant calculated on the basis of one month of the last substantive salary of the teacher concerned for every two complete years of recognised service in the aided school sector, subject to a cap of 12 months' salary.
- (b) For teachers who are over the age of 55 (as at 1 September of the year), the ex-gratia payment will be discounted according to the following scale –

Age as at 1 September of the year	56	57	58	59
Discount factor	25%	50%	75%	100%

(4) **Quota**

- (a) There will be an overall quota on the number of teachers who may join the ERS before the start of each of the three school years from 2006/07 to 2008/09, which will be determined by the Education and Manpower Bureau (EMB), having regard to the estimated supply and demand of teachers and the manpower requirement and estimated number of surplus teachers of individual schools in the school year concerned as well as the availability of funding.
- (b) The number of teachers in a school to be allowed to retire early each year will take into account a three-year manpower development plan prepared by the school concerned in support of its teachers' applications. In the plan, the school is required to provide information on attrition of teachers, the requirement for teaching staff to meet operational needs arising from curriculum reform and new initiatives, and the anticipated reduction of classes, if any, in the next three school years.
- (c) To allow for some flexibility where necessary, applications for early retirement in the 2005/06 school year would be considered, if they are supported by the schools concerned and justified on operational grounds.
- (d) Non-teaching staff are not eligible for ERS.

(5) **School-based Criteria**

- (a) The School Management Committees (SMCs)/Incorporated Management Committees (IMCs) of schools concerned should work out a set of school-based criteria, having regard to the schools' needs such as school development, subject

requirements, etc., to determine the priority of the teacher applicants to join the ERS.

- (b) The formulation of the school-based criteria should be open, fair and transparent.
- (c) The set of school-based criteria and the restriction on re-employment under the Scheme should be made known to all eligible teachers to assist in their decisions.

(6) **Priority**

The objectives of ERS are to facilitate schools to resolve the subject mismatch of teachers arising from implementation of the new senior secondary curriculum, alleviate teacher redundancy and maintain a healthy turnover in schools where new blood for the teaching force is required to take forward the curriculum reform. When approval for ERS application on a competitive basis is required (i.e. when the number of eligible applicants exceeds the quota), applications will be processed by EMB in accordance with the following order of priority –

- (a) teachers whose retirement will facilitate implementation of the new senior secondary curriculum in schools;
- (b) teachers whose retirement will alleviate teacher redundancy in schools with reduction of classes; and
- (c) in the event that there are applications the approval for which cannot be determined by either or both of the above criteria, then such applications will be processed by drawing lots.

(7) **Appeal Mechanism**

- (a) SMCs/IMCs of schools concerned should work out an appeal mechanism for the teachers who are not satisfied with the process/results of applying the school-based criteria.
- (b) The appeal mechanism should be made known to the teachers.

(8) **Application Procedure**

- (a) Eligible teachers may apply, on a voluntary basis, through their schools for early retirement under the ERS.
- (b) Schools concerned should prioritise the teacher applicants according to the school-based criteria, and make nominations to EMB for approval.
- (c) Schools are required to confirm that their operation will not be adversely affected by the early retirement of the teachers nominated.

(9) **Re-employment Restriction**

- (a) ERS participants are not allowed to take up full-time or part-time teaching employment (including teaching posts created by government funds which are for the purpose of providing additional teachers to schools, but excluding daily-rated part-time jobs each of duration not more than 90 days) in government, aided, caput and direct subsidy scheme schools. The Permanent Secretary for Education and Manpower may repeal such restriction when circumstances warrant such action, or waive the restriction exceptionally in respect of individual teachers where there are strong justifications related to operation of the schools concerned.
- (b) The re-employment restriction will take effect from the date of early retirement, normally September in the following school year.

(10) **Undertaking**

- (a) Upon approval by EMB to join the ERS, the teacher is required to sign an undertaking to the effect that he/she will never take up full-time or part-time teaching employment (including teaching posts created by government funds which are for the purpose of providing additional teachers to schools, but excluding daily-rated part-time jobs each of duration not more than 90 days) in government, aided, caput and direct subsidy scheme schools. The re-employment restriction will take effect from the date of early retirement, normally September in the following school year.

- (b) The teacher's decision to join the ERS is irrevocable after signing the undertaking.

(11) **Implementation**

The ERS will be implemented from 2006/07 to 2008/09 school years. Where it is justified, some teachers may be allowed to retire early in the 2005/06 school year.

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