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**Panel on Education**

**Background brief prepared by the Legislative Council Secretariat  
for the meeting on 9 March 2009**

**Early Retirement Scheme  
for aided secondary school teachers**

**Purpose**

This paper summarizes the deliberations of the Panel on Education (the Panel) on the Early Retirement Scheme for aided secondary school teachers (the Scheme).

**The Scheme**

2. In March 2004, an early retirement scheme was introduced for aided primary school teachers to ease the problem of teacher redundancy in schools with under-enrolment of students and to make available more teaching posts to accommodate fresh graduates, thereby maintaining a healthy turnover in the teaching force. Initially, the scheme only applied to teachers of schools with class reduction who had no less than five years of service before reaching the retirement age of 60, or who had 10 years of service. With effect from the 2005-2006 school year, the scheme was extended to cover teachers of all aided primary schools, and the eligibility criterion was relaxed to cover teachers with less than five years of service before the retirement age. A teacher joining the scheme would receive a one-off ex-gratia payment calculated on the basis of one month of his last substantive salary for every two complete years of recognized service in the school sector, subject to a cap of 12 months' salary. A scaling discounting factor was applied to the ex-gratia payment for teachers with less than five years of service before the retirement age. The scheme lasted three years from the 2004-2005 to the 2006-2007 school years.

3. In June 2005, the Administration proposed to introduce the early retirement scheme to aided secondary school teachers from the 2006-2007 to the 2008-2009 school years. All teachers with no less than 10 years of service

below the retirement age of 60 (as at 1 September of the year) who were appointed as regular teachers within the normal teaching establishment were eligible for the Scheme. The formula for calculating the ex-gratia payment was the same as that for the aided primary school teachers joining the early retirement scheme. Likewise, a scaling discounting factor was applied to the ex-gratia payment to teachers over the age of 55 eligible for the Scheme. The Scheme was approved by the Finance Committee at its meeting on 8 July 2005.

### **Deliberations of the Panel**

4. The Panel discussed the Scheme at its meeting on 20 June 2005. The concerns of members are summarized in the ensuing paragraphs.

### Objectives of the Scheme

5. Members noted that the Scheme aimed to ease the problem of teacher redundancy, facilitate schools to resolve the subject mismatch of teachers arising from the implementation of the new senior secondary curriculum, and make available teaching posts to fresh graduates, thereby maintaining a healthy turnover in the teaching profession. According to the Administration, the secondary school student enrolment was projected to drop by about 5%, from 462 000 in the 2004-2005 school year to 441 000 in the 2009-2010 school year. Having regard to the projected class structure of aided secondary schools, the Administration estimated that from the 2005-2006 to the 2009-2010 school years, about 840 secondary school teachers would become surplus to requirement.

6. While supporting the introduction of the Scheme to ease the problem of surplus teachers, members noted with concern that one of the reasons put forward by the Administration was to address the problem of some teachers resisting or lacking self-learning capacity to re-skill and cope with the demands of the curriculum reform. Members considered that such a saying would create adverse labelling on teachers who applied for the Scheme.

7. The Administration explained that according to feedback from schools, some teachers were reluctant to re-skill and cope with the demands of the curriculum reform. Nevertheless, it noted members' concern, and would refine the wording in the submission to the Finance Committee for funding approval.

### Eligibility

8. Members noted that the Scheme applied to teachers in aided secondary schools irrespective of ranks. They sought information on whether teachers in schools without the problem of surplus teachers were eligible for the Scheme and the reason for not including non-teaching staff in the Scheme.

9. The Administration explained that eligible teachers in secondary schools without the problem of surplus teachers could apply for early retirement under the Scheme as one of the objectives of the Scheme was to facilitate schools to resolve the subject mismatch of teachers arising from the implementation of the new senior secondary curriculum. To facilitate planning and manpower deployment, the School Management Committee (SMC)/Incorporated Management Committee (IMC) of the school concerned had to submit a three-year manpower development plan in support of the applications. The Education Bureau (EDB) would consider the applications for early retirement with regard to the manpower requirements of the schools concerned as well as the overall supply and demand of teachers on a territory-wide basis. As there was no problem of redundancy of non-teaching staff in secondary schools, they were not eligible for the Scheme.

#### Quota and priority

10. Under the Administration's proposal, an Early Retirement Ex-gratia Payment Fund for Aided Secondary School Teachers (the Fund) of \$520 million held in trust under the Permanent Secretary for Education (PSED) Incorporation was set up for implementing the Scheme. It was estimated that there would be 840 surplus teachers up to the 2009-2010 school year. Members enquired whether Direct Subsidy Scheme (DSS) schools and the implementation of the new academic structure in the 2009-2010 school year had been taken into account in arriving at the estimate.

11. According to the Administration, the estimated number of surplus teachers only referred to those in aided secondary schools. DSS schools received a lump sum cash grant and were not bound by established teaching posts and salaries. However, DSS schools had been taken into account in projecting the decrease of student enrolment in secondary schools from the 2004-2005 to the 2009-2010 school years. The Administration envisaged that some serving teachers might not wish to attend the professional development programmes and cope with the demands of the curriculum reform for the implementation of the new academic structure. The Scheme would provide an exit to teachers who would like to retire before its implementation.

12. Members noted that EDB would determine every year the number of teachers who might join the Scheme. When the number of eligible applicants exceeded the quota, EDB would approve applications according to the criteria, namely, priority would first be given to teachers whose retirement would facilitate the implementation of the new senior secondary curriculum in schools and then to teachers whose retirement would alleviate teacher redundancy in schools with reduction of classes. In the event that there were applications the approval of which could not be determined by either or both criteria, such applications would be processed by drawing lots. There was a view that the two criteria were of equal importance in determining the priority of nominations for early retirement by schools. As schools were required to prioritise their teachers' applications for early retirement according to their

school-based criteria, the applications should be processed according to the priority nominated by the school concerned.

13. In the Administration's view, the order of priority was necessary in case the number of applications exceeded the quota of teachers who should be approved to join the Scheme in the school year concerned. Subject to availability of resources, the number of teachers to be allowed to join the Scheme each year would be based on manpower requirement and the estimated number of surplus teachers of individual schools, as well as the estimated supply and demand of teachers territory-wide in the school year concerned. The estimated number of fresh graduates, the annual turnover rate of teachers, the number of classes reduced, the operation of new schools, etc. in the school year concerned would all be taken into account.

14. There was a view that a quota was not necessary and applications which were supported by the schools concerned should be approved. However, the Administration considered it necessary to ensure a balance in the supply and demand of teachers. In its view, the number of applications approved for early retirement should not be larger than the estimated number of surplus teachers in the school year concerned.

#### Restriction on re-employment

15. Under the Scheme, teachers who received the ex-gratia payment would be required to sign an undertaking to the effect that they would never take up full-time or part-time teaching employment in government, aided, caput and DSS schools. The Administration advised members that only in exceptional circumstances would PSED exercise the power to repeal the restriction on re-employment, for example, where the demand for teachers for a particular subject substantially exceeded the supply in the market.

#### Latest position

16. According to the latest information provided by the Administration in April 2008, up to September 2007, 325 secondary school teachers had joined the Scheme. The total ex-gratia payment made from the Fund amounted to \$155 million, and the balance of the Fund as at 29 February 2008 stood at \$407 million, including \$42 million being the interest received.

#### **Relevant papers**

17. A list of the relevant papers on the Legislative Council website is in the **Appendix**.

**Relevant papers on  
Early Retirement Scheme for aided secondary school teachers**

<b>Meeting</b>	<b>Date of meeting</b>	<b>Paper</b>
Finance Committee	27.2.2004	<a href="#">Minutes</a> <a href="#">Agenda</a> <a href="#">FCR(2003-04)62</a>
Panel on Education	13.12.2004 (Item IV)	<a href="#">Minutes</a> <a href="#">Agenda</a>
Panel on Education	20.6.2005 (Item II)	<a href="#">Minutes</a> <a href="#">Agenda</a>
Finance Committee	8.7.2005	<a href="#">Minutes</a> <a href="#">FCR(2005-06)25</a>
Panel on Education	n/a	[LC Paper No. CB(2)1824/05-06(01)] <a href="#">Information note provided by the Administration on "Early Retirement Scheme for Aided Primary School Teachers"</a>
Panel on Education	n/a	[LC Paper No. CB(2)782/06-07(01)] <a href="#">Information note provided by the Administration on Early Retirement Scheme for Aided Primary School Teachers</a>
Panel on Education	n/a	[LC Paper No. CB(2)783/06-07(01)] <a href="#">Information note provided by the Administration on Early Retirement Scheme for Aided Secondary School Teachers</a>
Panel on Education	n/a	[LC Paper No. CB(2)1791/07-08(01)] <a href="#">Administration's paper on Early Retirement Scheme for Aided Primary School Teachers</a>

<b>Meeting</b>	<b>Date of meeting</b>	<b>Paper</b>
Panel on Education	n/a	[LC Paper No. CB(2)1791/07-08(02)] <a href="#">Information note provided by the Administration on Early Retirement Scheme for Aided Secondary School Teachers</a>

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