

For discussion

November 2003

Legislative Council Panel on Education

Introduction of an Adjustment Mechanism for the Special Allowance under the Native-speaking English Teacher (NET) Scheme

PURPOSE

This paper seeks views from Members on introducing a mechanism for making regular adjustments to the rate of the Special Allowance now payable to the Native-speaking English Teachers (NET) recruited under the NET schemes of primary and secondary schools.

BACKGROUND

2. Since 1987, the then Education Department has provided expatriate English language teachers in a small scale to secondary schools to strengthen English learning and teaching. In 1997, the Finance Committee (FC) of the Legislative Council approved provision of one NET over and above the teacher establishment of each public sector secondary school. In addition, schools adopting Chinese as the Medium of Instruction are allowed to fill one of the English teacher posts with a second NET. The NET scheme was also introduced to public sector primary schools in 2002-03 school year. Every pair of primary schools is allocated one NET. Currently, we have 472 NETs serving secondary schools and 313 NETs serving primary schools. Amongst them 178 and 167 are either newly recruited or having contracts renewed in secondary and primary schools respectively for the 2003-04 school year. They all serve on 2-year's contract entered into with their host schools, and the contract could be renewable subject to their good performance and the need of the schools. Currently about 3 of every 4 NETs continue on a second contract.

3. According to the remuneration package approved by FC in 1997, all NETs, on top of being remunerated at a salary level based on qualifications and experience comparable to that for local teachers in Hong Kong, are also eligible for a monthly non-accountable Special Allowance on the condition that their ordinary residency is outside Hong Kong. The Special Allowance is meant to provide sufficient incentive to attract qualified NETs who would have to meet additional household expense when

they come to serve in schools in Hong Kong. The Special Allowance is to cover mainly the expense on meeting housing needs, and also other incidental expense (like meeting the education cost of the NETs' accompanying children). The FC approved that the Special Allowance rate was set at HK\$ 13 000 per month payable to the NETs.

ADJUSTMENT MECHANISM

4. At the inception stage of the NET scheme, the Administration has encountered some difficulty in recruiting sufficient number of NETs to come to Hong Kong, partly because it was a new scheme, partly because of the large start up numbers required, and partly because of the competition from similar schemes launched by other countries in the Asia-Pacific region. The adoption of a fixed rate for Special Allowance provided some certainty and was believed to have a positive effect on recruitment.

5. Cost for meeting accommodation needs in Hong Kong (especially the rental expense insofar as the NETs are concerned) has changed significantly since 1997 when the NET scheme was introduced. The fixed rate Special Allowance does not allow us to reflect such change and any change that may take place in future.

6. Given our effort in administering the scheme, our NET scheme has now established its reputation in the target countries where most NETs come from. The recruitment is now reasonably secure. The Administration considers that now is the right time to suitably rationalise the fixed rate of Special Allowance payable to NETs, such that price changes over the years will be taken into account. The adjustment proposed is fair and reasonable when considered against the backdrop of other mechanisms being administered in Hong Kong. The adjustment will not incur great risk of losing our competitiveness to attract NETs to come to serve in Hong Kong by maintaining the Special Allowance at a level which reflects the genuine relocation needs of NETs for the duration of the contracts..

7. The Administration proposes to –

- (a) suitably adjust the rate of the Special Allowance by taking into account the cumulative change in the local private housing rental index since the present Special Allowance rate was set¹;

¹ The NETs are serving in schools scattering all over Hong Kong, there is no apparent district

(b) introduce a mechanism to adjust the Special Allowance rate annually by applying the yearly percentage change of the local private housing rental index to the Special Allowance rate. SEM will make annual adjustments in accordance with the mechanism in future; and

(c) apply the above new Special Allowance rate to serving NETs when their contracts are renewed, and to any newly recruited NETs starting from the 2004/05 school year. The rate is to be adjusted annually, but the same rate will hold for the duration of the contract period of two years for any particular NET.

If we are to apply the relative rental index percentage change to the Special Allowance since the present allowance rate was set, the new Special Allowance shall be adjusted to about HK\$ 10 561 per month².

WAY FORWARD

8. We have consulted the school sector through a NET Scheme Steering Committee consisting of school heads from all school councils. Our proposed change to the Special Allowance was supported. We have also sounded out the serving NETs in Hong Kong through various channels, including the Native-speaking English Teachers' Association, about the rationale for an adjustment mechanism.

9. Subject to the views Members may have, the Administration will take the necessary steps to implement the changes with effect from the 2004/05 school year.

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preference of where they choose to live. Hence the territory-wide private housing rental index is recommended as the reference for adjusting the Special Allowance rate.

² The private housing rent component of the Composite Consumer Price Index in end 2002 is 81.24% to that in 1997 when the Special Allowance rate was set. The exact new Special Allowance rate will be set by taking into account the 2003 annual private housing rental index. This would tie in with the recruitment cycle under which the bulk of the prospective NETs serving the 2004/05 school year will be presented the contract for agreement and signing at around the end of the first quarter of 2004.