

Legislative Council Panel on Education

Early Retirement Scheme for Aided Secondary School Teachers

Purpose

This paper seeks Members' view on the proposal to set up an Early Retirement Scheme (ERS) for aided secondary school teachers to ease the problem of redundant teachers in aided secondary schools and to facilitate turnover in the teaching profession so as to help schools prepare for implementation of the new senior secondary curriculum.

Background

2. An early retirement scheme for aided primary school teachers has been introduced initially for three years from 2004 to 2006. The objectives of the scheme are to provide an incentive in the form of ex-gratia payment for some teachers of aided primary schools to retire early so as to ease the problem of surplus teachers in schools where there is an under-enrolment of students and make available more teaching posts to accommodate fresh graduates, thereby maintaining a healthy turnover in the teaching force. Approval of the Finance Committee (FC) of the Legislative Council (LegCo) was granted in January 2005 for the scheme to be extended, with effect from 2005, to teachers in all aided primary schools and to teachers at the age of 55 or above, with the ex-gratia payment discounted on a sliding scale.

3. The early retirement scheme for aided primary school teachers is well-received as reflected by the number of teachers joining the scheme. In 2004, there were 508 successful cases. As for the exercise in 2005, some 980 teachers have applied for the scheme.

4. In his 2004 Policy Address, the Chief Executive announced the decision to adopt a 3-year senior secondary and 4-year undergraduate

academic system ("3+3+4") to facilitate the implementation of a more flexible, coherent and diversified senior secondary curriculum and undertook to consult the public on the implementation details. The document entitled "Reforming the Academic Structure for Senior Secondary Education and Higher Education - Actions for Investing in the Future" was published in October 2004 followed by a three-month public consultation. After considering the community feedback and the readiness of schools and teachers, the Government endorsed implementation of the "3+3+4" reform from the 2009/10 school year.

Proposal

5. It is proposed that teachers in aided secondary schools who wish to retire early and whose applications are supported by the School Management Committees (SMCs) / Incorporated Management Committees (IMCs) concerned should be eligible for an ex-gratia payment. Subject to the approval of the FC of the LegCo, an Early Retirement Ex-gratia Payment Fund of \$520 million held in trust under the Permanent Secretary for Education and Manpower Incorporation should be set up for implementing an ERS for aided secondary school teachers for three years 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.

Justifications

6. The secondary school student enrolment is projected to drop by about 5%, from 462 000 in the 2004/05 school year to 441 000 in 2009/10. As a result, and taking into account the projected class structure of aided secondary schools, we estimate that from 2005/06 to 2009/10 school years, about 840 secondary school teachers would become surplus to requirement.

7. On the other hand, to implement the new senior secondary curriculum, we need to enhance the professionalism of serving teachers and to inject new blood into the school system. While serving teachers will be provided with professional development programmes for

implementing the new curriculum, past experiences showed that some would resist or lacked self-learning capacity to re-skill and cope with the demands of the curriculum reform. By providing an exit to teachers who are not prepared for the change, we can help schools to gear up for implementation of the new senior secondary curriculum by creating openings for more willing and able teachers.

8. Having regard to the projected supply and demand of teachers, we propose to operate an ERS for three years from 2006/07 to 2008/09 school years, prior to implementation of the new senior secondary curriculum from the 2009/10 school year. The number of teachers to be allowed to join the ERS each year would be based on the manpower requirement and the estimated teacher redundancy of individual schools, as well as the estimated supply and demand of teachers territory-wide in the school year concerned. To allow for some flexibility where necessary, we would consider applications for early retirement in the 2005/06 school year, if they are supported by the schools concerned and justified on operational grounds.

Early Retirement Scheme

9. We propose to implement an ERS to provide an incentive for some teachers of aided secondary schools to retire early, in order to –

- (a) ease the problem of teacher redundancy;
- (b) facilitate schools to resolve the subject mismatch of teachers arising from implementation of the new senior secondary curriculum; and
- (c) make available teaching posts to fresh graduates, thereby maintaining a healthy turnover in the teaching profession.

10. The proposed ERS for aided secondary school teachers is similar to the early retirement scheme for aided primary school teachers and has the following main features –

- (a) The Scheme will be 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 - 2008/09 school years but excluding teachers with less than ten years of service.
- (b) The ex-gratia payment will be a one-off grant worked out on the basis of one month of the last substantive salary of the teacher concerned for every two complete years of recognized service in the school sector, subject to a cap of 12 months' salary.
- (c) 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 at 1 September of the year	56	57	58	59
Discount factor	25%	50%	75%	100%

- (d) Having regard to the estimated supply and demand of teachers, the manpower requirement and estimated teacher redundancy of individual schools at the time as well as the availability of funding, the Education and Manpower Bureau (EMB) will determine every year the number of teachers who may join the Scheme;
- (e) Teachers who meet the age and service criteria may apply, on a voluntary basis, through their schools for early retirement under the Scheme;
- (f) The SMCs/IMCs of schools concerned should work out a set of school-based criteria to determine the priority for approval of the applications for early retirement. The criteria should be open and fair, with due regard for the operational needs of the

school, such as subject match of teachers;

- (g) There should also be a mechanism for teachers who are not satisfied with the process/results of applying the school-based criteria to appeal to the SMC/IMC/school sponsoring bodies for review of the decision;
- (h) Schools concerned should prioritize the teacher applicants according to the school-based criteria, and make nomination to EMB for approval and disbursement of ex-gratia payment. The SMCs/IMCs should also draw up a three-year manpower development plan in support of their applications; and
- (i) Teachers who receive the early retirement ex-gratia payment will be required to sign an undertaking to the effect that he/she will never take up full-time or part-time teaching employment in government, aided, caput and direct subsidy scheme schools. The re-employment restriction will take effect from September in the following school year.

An outline of the ERS is at Annex.

11. Subject to the approval of the FC, and similar to the early retirement scheme for aided primary school teachers, we propose to set up an Early Retirement Ex-gratia Payment Fund (the Fund) for aided secondary school teachers, with an initial injection of \$520 million, to be held in trust under the Permanent Secretary for Education and Manpower Incorporation (PSEMI) for implementing the ERS for aided secondary school teachers for three years from 2006/07 to 2008/09 school years. As a statutory requirement under the PSEMI Ordinance (Cap. 1098), we will table the audited accounts of the Fund before LegCo as soon as practicable after the closing of accounts at the end of each financial year. In addition to the statutory requirement and in line with the early retirement scheme for aided primary school teachers, we will inform this Panel annually of the operation of the Fund.

Financial Implications

12. We estimate that \$520 million will be required to provide ex-gratia payment to aided secondary school teachers who choose to retire early under the proposed ERS from 2006 to 2008. EMB will absorb the recurrent administrative costs.

Public Consultation

13. We have informally sounded out the concerned school council and teachers associations on the broad framework of the proposed Scheme. They all welcome the initiative which will help ease the problem of teacher redundancy and facilitate turnover in the teaching profession.

Way Forward

14. Subject to Members' views, we will seek approval from the FC of the LegCo for implementation of the ERS proposed in paragraph 5 above.

Education and Manpower Bureau

June 2005

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 - 2008/09 school years but excluding teachers with less than ten years of service.

(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 worked out on the basis of one month of the last substantive salary of the teacher concerned for every two complete years of recognized service in the 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 by the scale of -

Age 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 each year of the number of teachers who may join the ERS within the 2006/07 - 2008/09 school years, which is to be decided by the Education and Manpower Bureau (EMB), having regard to the estimated supply and demand of teachers as well as the manpower requirement and estimated teacher redundancy of individual schools in the school year concerned, and 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 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. 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 prioritize 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 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 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.